

# **REMEDIES FOR INFRINGEMENT OF COPYRIGHT**

**by**

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## SYNOPSIS

Remedies play a vital role in copyright law because they are the means by which copyright is enforced. In the past, the copying of a work on any major scale required the use of extensive and costly equipment. Today, advances in technology have made it possible for many of such reproduction equipment, particularly the audio and video recorder and the personal computer, to be within the affordability of millions of users. With the easy accessibility to reproduction equipment, the phenomenon of unauthorised reproduction of copyright works likewise assumes a greater degree of severity. As a consequence, many countries have resorted to legislating severe penal sanctions against infringers. The Malaysian Parliament has also taken a slant towards enforcement by way of criminal remedies by stepping up the penal provisions for copyright infringements. In addition, Parliament has created a specialised enforcement unit vested with wide powers of search and seizure. This unit is entrusted with the task of copyright enforcement and the prosecution of offenders.

The main purpose of this study is to examine whether the tendency towards enforcement by way of criminal remedies is justified in view of the fact



that copyright is essentially a civil right and is perceived solely as a private proprietary right. Chapter 1, being the introductory chapter, states the objectives and scope of this study. Chapter 2 examines the criminal provisions under the Copyright Act 1987 which relate to infringements of copyright. It also examines the role played by the enforcement unit in the enforcement of copyright. Chapter 3 explores the interlocutory remedies which a copyright owner may seek in a civil action in order to protect his copyright pending trial of the action. Chapter 4 focuses on the civil remedies available after the final hearing of the action.

This study concludes that the existing civil remedial framework offers adequate protection to copyright owners and, therefore, more use should be made of it without having to resort to extensive criminal provisions.

## ACKNOWLEDGEMENTS

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#### Synopsis

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#### Table of Statutes

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#### 1.2 Scope of Study

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## CHAPTER 1

### INTRODUCTION

Remedies are an important aspect of copyright law because they are the means by which copyright is enforced. The unauthorised reproduction of copyright works especially when carried out on a large scale for commercial gains, commonly referred to as "piracy", can seriously undermine the copyright system. Such activities deprive copyright owners of the remuneration which they would otherwise have enjoyed had legitimate copies been produced. This may have the effect of discouraging them from producing further works especially when they are dependent on the remuneration for their living. In turn, this may hamper the cultural, scientific and educational development of the country.<sup>1</sup> Clearly, a system of effective copyright enforcement is crucial.

The problems faced by copyright owners today are a far cry from those faced during the days when copying was limited by the natural constraints of handwriting or typewriting. Advances in reproduction technology have

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<sup>1</sup> WIPO, 'Piracy of Copyright Works and the Development of Legal Remedies', paper presented at the National Workshop on Copyright organised by WIPO and the Ministry of Trade and Industry, Kuala Lumpur, May 2-3, 1986.

resulted in newer and better methods of reproduction. The development of high quality and affordable duplicating machines enables copies of literary works to be produced at a low cost and high speed. Similarly, the advent of portable and cheap audio visual recorders has revolutionised reproduction of sound recordings and films. In addition, advances have also taken place in the field of direct broadcasting by satellite and distribution by cable. Also, widespread commercialization of the computer has brought about further means of recording and communicating information. With such advances, unauthorised reproduction has become more prevalent and has acquired an increasingly devious appearance.

In response to the increasing difficulties in enforcing copyright law against infringers, the Malaysian legislature in the mid-1970s began to step up the penalty level for copyright offences.<sup>2</sup> Today, enforcement by way of criminal remedies features prominently in the Copyright Act 1987 as is evident not only from section 41 but more particularly from Part VII of the Act. Section 41 lists the types of infringing activities which amount to copyright offences. Part VII of the Act provides for the setting up of a specialised enforcement unit vested with wide powers of search and seizure and entrusted with the task of copyright enforcement. This enforcement unit is also empowered to prosecute offenders. The significant role played by the enforcement unit is evident from the numerous complaints on copyright infringement received by the unit since the

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<sup>2</sup> The now repealed Copyright Act 1969 was amended twice over a period of ten years to increase the severity of the penalty, once in 1975 pursuant to the Copyright (Amendment) Act 1975 and again in 1979 pursuant to the Copyright (Amendment) Act 1979. For further discussion, see Chapter 2 at 2.1.3.



coming into force of the Copyright Act 1987. Between the period of 1st December 1987 to 10th October 1994, a total of 4,641 complaints were received throughout Malaysia by the enforcement unit. Prosecutions were brought in respect of 4,612 of these complaints and a total of 3,549 of such prosecutions resulted in convictions.<sup>3</sup>

At the same time, it has to be borne in mind that civil remedies are also available for the enforcement of copyright. Civil remedies are available under section 37 of the Act and under the inherent jurisdiction of the court. As copyright is in nature a civil right, this study examines whether the inclination of the legislature towards enforcement by way of criminal remedies should continue to be the direction in which copyright enforcement should assume in the coming years. This forms the crux of the present study.

### 1.1 Objectives

In this study, it is proposed to examine several issues. The first is to examine the existing criminal remedial framework under the Copyright Act 1987. The extent of the need for criminal remedies in combating copyright infringement is also considered.

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<sup>3</sup> Statistics obtained from the Intellectual Property Division of the Ministry of Domestic Trade and Consumer Affairs as at 10th October 1994.

The second is to consider the existing civil remedial framework and to assess its sufficiency in curbing the widespread problem of copyright infringement brought about largely by the rapid pace of technological development.

The third is to consider the type of remedial scheme which would be more appropriate in curbing the current copyright infringement problem in Malaysia.

In examining these issues, this study also suggests improvements to the existing civil and criminal remedial schemes available to copyright owners under the Malaysian copyright law. It is hoped that these suggestions will achieve the aim of providing copyright owners with a more comprehensive protection against unauthorised reproduction. In the zeal to achieve this aim, it should not be forgotten that infringers too have fundamental rights accorded by the law which must be respected.

## **1.2 Scope of Study**

This study is confined to the statutory and judicial remedies available to copyright owners in the event of infringement. The statutory remedies refer to those remedies explicitly provided under the Copyright Act 1987 while the judicial remedies refer to those that are available pursuant to the inherent jurisdiction of the court. Throughout this study, copyright infringement is presumed to have taken place.



This study does not extend to an examination of remedies for infringement of the author's moral rights. This requires a separate treatment on its own. Instead, this study covers only those remedies which are available to redress copyright owners in respect of the adverse economic consequences to them as a result of the infringement.

At the outset, it is recognised that new technologies have brought forth sophisticated duplicating equipment such as audio and video recorders, facsimile machines and computers which are within the affordability of most individuals. This has led to the phenomenon of widespread private copying in the privacy of the individual's home thereby rendering it almost impossible to detect the infringers. As a result, the judicial and statutory remedies discussed in this study are ineffective to cope with this problem. These cases may require a consideration of whether there is a need to resort to extra-legal remedies as an alternative solution. It is not the intention of this study to examine this aspect because the problem of private copying merits an in-depth study on its own.

### 1.3 Outline of Study

This dissertation is divided into several chapters each concentrating on a specific area of study.

Chapter 2 is devoted to a study of the developments made by the legislature to enforcement by way of criminal remedies. Special emphasis is given to the setting up of a task force by the government to enforce copyright.

Chapter 3 deals with the interlocutory remedies available to copyright owners in the event of infringement. It can safely be said that this group of remedies plays an utmost important role in protecting copyright owners against infringement because of its ability to provide speedy relief by putting an immediate stop to the infringing activities pending trial. Swift pre-action discovery of evidence of infringement and the prevention of dissipation of assets pending trial are also discussed in this chapter.

Chapter 4 explores the civil remedies available to copyright owners after a final hearing of the matter. At this stage, the court looks into how copyright owners can be compensated for the wrong done. Restitution is also a possible remedy available to copyright owners. Whether or not punitive damages can be awarded under our copyright law to punish infringers is also considered in this chapter.

Chapter 5 is the conclusionary chapter. It analyses the sufficiency of the remedies discussed in the preceding chapters. It also highlights the weaknesses in the present civil and criminal remedial schemes. Recommendations to improve these schemes are also proposed having regard to these weaknesses. Finally, and most important, it discusses which remedial



scheme would be more appropriate in combating the current copyright infringement problem in this country.

#### 1.4 Research Methodology

The research methodology employed in this study is predominantly library research. Relevant books, local and international law reports, reviews, articles, reports of various copyright committees and parliamentary debates constituted the main source of information for this study. Conference and seminar papers were also relied on as a useful source of information. These papers provided information on the extent of the problem of unauthorised reproduction in this country and the efforts made to combat or, at least, contain it.

Throughout this study, various provisions of the Copyright Act 1987 and the copyright statutes of other Commonwealth countries were adverted to for the purpose of comparing the developments overseas. Proposals for improvements to the current copyright remedial schemes in this country were made largely on the basis of these developments.

Locally reported copyright cases, though few in number, were resorted to whenever possible to explain the various aspects of the remedies under discussion. The extensive use of case law was necessary to provide a greater understanding of the function of remedies in copyright cases. As a result of a dearth of locally reported copyright cases, constant reference had to be made

to the developments overseas in the hope that they will shed some light on the likely approach of our courts to certain issues and elucidate the meaning of certain provisions of the Copyright Act 1987.

### CRIMINAL REMEDIES

Apart from this, interviews were conducted with a number of enforcement officers from the Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs, Kuala Lumpur. It was through these interviews that an in-depth appreciation and understanding of the operations of the enforcement unit, so essential to Chapter 2 of this dissertation, were obtained.



## CHAPTER 2

### CRIMINAL REMEDIES

Every copyright legislation must contain provisions aimed at providing effective enforcement of copyright if such right is to be of any value. As infringing activities become increasingly rampant principally as a result of the galloping pace of technological advancement in reproduction techniques, the need for a regime of relief that has a forceful deterrent effect against infringers becomes more urgent. As a consequence, many countries have resorted to the deterrent feature of criminal remedies by legislating severe penal sanctions against infringers. Although criminal remedies have always been present in the copyright statutes of most countries, it is only in recent years that they have acquired a heightened level of significance never before in the history of copyright law. The response of the Malaysian Parliament was, likewise, to place greater emphasis on enforcement by way of criminal remedies. Section 41 of the Copyright Act 1987 provides for offences relating mainly to infringement for commercial purposes and commercial dealings of infringing copies. Significantly, the Copyright Act 1987 creates an enforcement unit to police infringing activities. This unit has extensive powers to investigate the commission of offences under the Act and to prosecute offenders. In addition,

the enforcement unit is also vested with very wide powers of entry, search and seizure which are akin to the powers given to the police. Furthermore, the Act also contains provisions on offences relating to the obstruction by any person of the duties of any enforcement officer. This chapter examines the role of criminal remedies in copyright law and the offences created by the Copyright Act 1987. It also discusses the criminal provisions in other statutes which may be available to copyright owners as alternatives. Finally, it discusses how such offences are backed up by wide powers given to the enforcement unit.

## 2.1 The Use of Criminal Remedies in Copyright Law

Although copyright is essentially a civil right, provisions for the imposition of criminal remedies for copyright infringement are not new and can be found in the very early English copyright statutes.<sup>1</sup> Similarly, in Malaysia, provisions for criminal remedies were found in as far back as the Telegram Copyright Ordinance 1902 which was the first copyright-related statute to be enacted in this

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<sup>1</sup> For example, the penal provision in clause 1 of the UK Statute of Anne 1709 was enacted to prevent the illegal printing, reprinting and publishing of books and other writings. See, also, Patterson LR, Copyright in Historical Perspective (Nashville, Vanderbilt University Press, 1968) at 143-151.



country.<sup>2</sup> The availability of the criminal law in copyright infringement continued in subsequent copyright statutes and today, criminal offences for infringement are embodied in section 41 of the Copyright Act 1987 with accompanying reinforced criminal penalties. In addition, offences relating to the enforcement of copyright laws are provided in Part VII of the Act.

While it is not denied that doubts exist as to the efficacy of criminal remedies in deterring offenders,<sup>3</sup> various justifications have been advanced to vindicate the intervention of the criminal law in what is really a civil right enforceable by civil action. First, infringement of copyright on a large and organised scale is mainly committed by the greedy who parasitically reap huge profits out of the intellectual creativity of others without having to bear the initial costs of producing the same. This is akin to making profits by stealing the creativity of others, which is clearly the concern of the criminal law. Secondly, the penalties imposed on offenders and the likelihood of imprisonment are said to have a potential deterrent value. Also, with the increased concern over the widespread of music, video and computer piracy, it is no longer either practical

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<sup>2</sup> This Ordinance had application only to the Straits Settlements. Pursuant to sections 3 and 5 of the Ordinance, it was an offence punishable with a fine for any person, during the period of forty-eight hours from the time of lawful receipt of telegraphic messages meant for publication, to print and publish such messages or transmit any intelligence from them to places outside the Straits Settlements without the consent of the person entitled to the exclusive use of such messages. A similar Enactment, the Telegram Copyright Enactment Cap 74, applicable to the Federated Malay States was passed in 1911.

<sup>3</sup> See, also, Chambliss WJ, 'Types of Deviance and the Effectiveness of Legal Sanctions' [1967] Wis L Rev 703.

or appropriate to enforce copyright by civil means only. What is needed is a more powerful deterrent which is beyond what civil remedies can provide. The criminal law can meet this need. A criminal conviction and the possibility of imprisonment, even for a short period of time, are the real disincentives to many pirates. In our society, a jail sentence is still seen as dishonourable and shameful. Thirdly, civil actions can be difficult, expensive and time consuming.<sup>4</sup> Rather than subjecting himself to the ordeal of pursuing a limited number of small operators, the copyright owner would prefer to entrust the task to the appropriate public prosecuting authorities to initiate proceedings. A conviction can be obtained at little or no expense to the copyright owner because the bulk of the cost is borne by the state instead. Fourthly, searches, seizures, arrests and interrogations which are needed to detect and punish the offenders are carried out by the prosecuting officers, thus relieving the copyright owner of having to confront those involved in the piratical activities. Fifthly, practicality sometimes demands that the copyright owner foregoes his right to bring a civil action against the offender as in the case of the latter being a man of little means to meet any pecuniary judgment. In such circumstances, it may be unjust to the copyright owner if the offender gets off scot-free and, therefore, criminal sanctions may be desirable as an alternative remedy available to the copyright owner. Sixthly, copyright piracy is detrimental to the social and cultural development of society and threatens the economic viability of various industries.

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<sup>4</sup> Note, however, the comments of Chan J in Television Broadcasts Ltd & Ors v Mandarin Video Holdings Sdn Bhd [1983] 2 MLJ 346 where his Lordship said that the criminal law can be slow and cumbersome at times for it to be effective.



The copyright owner should, therefore, not be expected to shoulder all the responsibilities of fighting these pirates.

On the other hand, some argue that the criminal law ought not to have any place in copyright matters. One of the reasons given is that criminal remedies do not redress the economic injustice caused to the copyright owner as a result of the infringement because he does not derive any direct benefit from such sanctions nor any compensation. Moreover, since copyright is a civil right and perceived solely as a private proprietary right, the onus of protecting and preserving these rights should lie with the copyright owner and not with society as a whole. Also, the risk of imprisonment for a first offence is low and the deterrent effects of a fine can be achieved by way of additional damages or exemplary damages.<sup>5</sup> Furthermore, while criminal sanctions such as imprisonment may be effected against an individual without much difficulty, the same cannot be said of a body corporate because of the intangible nature of a corporation.<sup>6</sup> In addition, the securing of evidence relating to an offence and

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<sup>5</sup> See Chapter 4 at 4.1.2.

<sup>6</sup> This does not pose a problem in the context of Malaysian copyright system because of the deeming provision present in both the Copyright Acts of 1969 and 1987 which deems every director, secretary or manager of the company guilty of an offence where the offence is committed by the body corporate unless he proves absence of consent or connivance on his part and that he had exercised all due diligence to prevent commission of the offence. See Copyright Act 1969, section 15(3) and Copyright Act 1987, section 41(4). In the absence of such a deeming provision, the decision in Dunlop Malaysia Industries Bhd v Public Prosecutor [1985] 1 MLJ 313 would prevent the court from arresting or committing any officer of the corporation for an offence committed by the corporation. Such a provision was absent from the UK Copyright Act 1956 but was inserted in the UK Copyright, Designs and Patents Act 1988 vide section

the initial case preparation are, in some countries, the responsibility of the police force and the prosecution the responsibility of a public authority. Such bodies, in addition to being limited in their resources, are also not specialised to handle copyright cases. Furthermore, they have, as their priority, the detection and prosecution of more serious crimes. The criminalising of copyright infringement will only further tax these bodies which are already burdened with a heavy workload.<sup>7</sup>

Be that as it may, one must concede that the criminal law has a role to play in the fight against copyright infringement. The inclusion of criminal provisions and accompanying stringent criminal remedies in the copyright statutes

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110, though, unlike the Malaysian provision, the onus of proving consent or connivance lies with the prosecution. The Singapore Copyright Act 1987 (Cap 63, 1988 Ed) (hereinafter referred to as 'the Singapore Copyright Act 1987') and the Australian Copyright Act 1968 do not have an equivalent provision. The Australian statute dispenses with imprisonment where body corporates are concerned but imposes a heavy fine for offences committed by body corporates. See the Australian Copyright Act 1968, section 133. It is submitted that this is a more feasible approach.

<sup>7</sup> Prior to the Copyright Act 1987, the police alone were responsible for the investigation and prosecution of copyright offences. However, the Copyright Act 1987 empowers the Assistant Controllers, in addition to the police, to detect and prosecute copyright offenders. See Copyright Act 1987, sections 5 and 44. In Hong Kong, the responsibility for enforcing the Copyright Ordinance, Cap 39 LHK 1975 is left with the Commissioner of Customs and Excise. Under the UK Copyright, Designs and Patents Act 1988, the Australian Copyright Act 1968 and the Singapore Copyright Act 1987, the responsibility still lies with the police force.



of most jurisdictions since the early days bears testimony to this.<sup>8</sup> This is not to say that criminal remedies should assume such significance in the copyright system as to overshadow the importance of civil remedies. To do so would be an unprecedented change in direction which could possibly lead to criminal remedies becoming unnecessarily oppressive.

### 2.1.1 Offences relating to Infringement

Although copyright infringement, whether on a commercial or non-commercial basis, is always a civil wrong, some types of copyright infringement also attract criminal offences. Section 41 of the Copyright Act 1987 lays down the different types of activities which are criminal offences. These are the direct or indirect infringement of copyright on a commercial basis,<sup>9</sup> the distribution of infringing copies,<sup>10</sup> the possession of infringing copies otherwise than for private and domestic use, the making or possessing of contrivance for making infringing copies and the causing of a literary or musical work to be performed in public.

<sup>8</sup> See Dworkin G & Taylor RD, Blackstone's Guide to the Copyright, Designs and Patents Act 1988 (London, Blackstone Press Ltd, 1989) at 122 where the authors acknowledged that the criminal law is of considerable value in intellectual property matters. See, too, Brazil P, 'Infringement of Copyright and the Problem of Piracy' (1987) 61 ALJ 12.

<sup>9</sup> As to direct and indirect infringements, see Copyright Act 1987, sections 36(1) and (2) respectively.

<sup>10</sup> As it is not provided that distribution must be in the course of trade, it would appear that a person who makes copies of a copyright work and distributes them freely would commit an offence under section 41. See Khaw LT, Copyright Law in Malaysia (Kuala Lumpur, Butterworths Asia, 1994) at 155.

Thus, just about all aspects of unauthorised copying of copyright materials for commercial purposes and unauthorised commercial dealings in the copied materials are made criminal offences.

These offences extend to all classes of copyright work. The offences as a whole provide protection to the copyright owner at each point of time when he is vulnerable to unauthorised exploitation, beginning from the production or importation stage to the sale, letting or hire stage.

The possession of any infringing copy, otherwise than for private and domestic use, was made an offence in 1975 following an amendment to the Copyright Act 1969.<sup>11</sup> This offence was created by Parliament because it was felt that the absence of such a provision was a source of abuse. Many of those who were found hoarding infringing copies claimed that they were merely storing the same for third parties and not for any of the commercial purposes laid down in the then section 15 of the 1969 Act.<sup>12</sup> This provision was re-enacted in the Copyright Act 1987 as section 41(1)(d). Pursuant to section 41(2) of the 1987 Act, any person having in his possession, custody or control three or more infringing copies of a work shall be presumed to be in possession of such copies

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<sup>11</sup> By Copyright (Amendment) Act 1975, section 3(i). Possession need not be in the course of business unlike in England, Australia and Singapore. See section 107(1)(c) of the UK Copyright, Designs and Patents Act 1988, section 132 (2A) of the Australian Copyright Act 1968 and section 136(2) of the Singapore Copyright Act 1987.

<sup>12</sup> See Minutes of the Second and Third Reading to the Copyright (Amendment) Bill 1975 in the Dewan Rakyat, 3 April 1975 at para 3998.



otherwise than for private or domestic use.<sup>13</sup>

The 1987 Act also inserted the new offence of causing a literary or musical work to be performed in public whether for private profit or not.<sup>14</sup> It is submitted that the word "causing" suggests that it is the person responsible for the performance and not the actual performer who is liable under this section.<sup>15</sup> The person responsible for the performance is normally the person who makes the necessary arrangements and who organizes the performance. It is unlikely that the person who supplies the equipment or provides the premises will be deemed to be the person "causing".<sup>16</sup> However, the playing of a sound recording or the showing of a film in public is not an offence,<sup>17</sup> although the same may attract civil liability.

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<sup>13</sup> It is to be noted that the word "or" is used in section 41(2) of the Copyright Act 1987 while the word "and" is used in section 41(1)(d). Nevertheless, the presumption of possession of infringing copies in section 41(2) is still with respect to the offence of possession under section 41(1)(d). See Khaw LT, Copyright Law in Malaysia (1994), supra n 10 at 156.

<sup>14</sup> Section 41(3). In contrast, the Singapore Copyright Act 1987, section 136(6), requires that the performance be for private profit.

<sup>15</sup> See, too, Copinger and Skone James, Copyright 13th Ed (London, Sweet & Maxwell, 1991) at para 19-4.

<sup>16</sup> Bainbridge DI, Intellectual Property (London, Pitman Publishing, 1992) at 125.

<sup>17</sup> In contrast, the UK Copyright, Designs and Patents Act 1988, section 107(3), regards such an act as an offence.

Except for the offence of causing a literary or musical work to be performed in public under section 41(3), all the offences under section 41 are seizable offences.<sup>18</sup> Being seizable offences, the prosecuting officers must be one of those listed in section 377 of the Criminal Procedure Code.<sup>19</sup> In Public Prosecutor v K.M. Basheer Ahmad,<sup>20</sup> the complainant instituted a private summons against the respondent who was charged under section 15(1)(d) of the Copyright Act 1969 for having in possession at his bookshop eighteen infringing copies of a literary work. The prosecution was instituted in the Magistrate's

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<sup>18</sup> A seizable offence is defined in section 2(1) of the Criminal Procedure Code as an offence for which a police officer may ordinarily arrest without warrant according to the third column of the First Schedule. The First Schedule of the Criminal Procedure Code describes offences (other than those in the Penal Code) as seizable if they are punishable with death or imprisonment for three years and upwards. Offences punishable with imprisonment for less than three years or punishable with fine only are non-seizable. Since an offence under section 41(3) of the Copyright Act 1987 is punishable under section 43 by a fine not exceeding RM20,000 or a term of imprisonment not exceeding three years, or both, this offence is a non-seizable one.

<sup>19</sup> Pursuant to section 377 of the Criminal Procedure Code, the prosecuting officers in a seizable offence must be either:

- (a) the Public Prosecutor,
- (b) a Deputy Public Prosecutor,
- (c) an advocate,
- (d) in the State of Terengganu, a pleader employed by the complainant, or
- (e) a police officer not below the rank of Inspector.

Where an advocate or a pleader is the prosecuting officer, prosecution must be expressly authorised in writing by the Public Prosecutor or by a Deputy Public Prosecutor, acting under the general control and direction of the Public Prosecutor. It is to be noted that pursuant to section 53 of the Copyright Act 1987, an Assistant Controller also has the authority to prosecute offenders in the Sessions Court.

<sup>20</sup> [1982] 2 MLJ 78.



Court and was conducted by an advocate and solicitor on the basis that it was a non-seizable offence. Unknown to the parties, the offence had become seizable following the coming into force of the Copyright (Amendment) Act 1979 some two months prior to the institution of the prosecution. Being seizable, the prosecution for such an offence could not be conducted by an advocate unless he obtained a fiat from the Public Prosecutor or the Deputy Public Prosecutor. Since this was not obtained, Mohamed Azmi J (as he then was) held that the private prosecution before the Magistrate was a nullity ab initio.<sup>21</sup>

### 2.1.2 Elements of Section 41 Offences

To prove an offence under section 41(1)(a) to (f), it is necessary for the prosecution to establish, first, that copyright subsists in the work;<sup>22</sup> secondly, that any of the acts stated therein has been committed; and thirdly, that the copy

<sup>21</sup> In Tara Singh v Public Prosecutor [1954] MLJ 123, the complainant conducted the prosecution against the accused charged with an offence under section 338 of the Penal Code which was a seizable offence. Although no authorisation in writing to do so was obtained as required, the High Court held that the accused had not been prejudiced and that the irregularity could be cured by section 422 of the Criminal Procedure Code. See Mimi Kamariah Majid, Criminal Procedure in Malaysia, (Kuala Lumpur, Department of Publications, University of Malaya, 1987) at 90 where the author was of the view that had Tara Singh been referred to the court in PP v KM Basheer Ahmad, *ibid*, the decision might have been different.

<sup>22</sup> With regard to whether copyright subsists in a work, see Copyright Act 1987, sections 9 to 11. See, too, Chew Onn Yuen & Anor v Public Prosecutor [1977] 2 MLJ 118, Foo Loke Ying & Anor v Television Broadcasts Ltd & Ors [1985] 2 MLJ 35, Lee Yee Seng & Ors v Golden Star Video Bhd [1981] 2 MLJ 43, Television Broadcasts Ltd & Ors v Mandarin Video Holdings Sdn Bhd, *supra* n 4, and Television Broadcasts & Ors v Seremban Video Centre Sdn Bhd [1985] 1 MLJ 171.

was an infringing copy. As to the offence of making or having in possession any contrivance used or intended to be used for the purposes of making infringing copies under section 41(1)(g), Edgar Joseph Jr J (as he then was) in In re Kah Wai Video (Ipoh) Sdn Bhd<sup>23</sup> stated that a contrivance is "one capable of use for the purpose of making infringing copies". In the case of an offence under section 41(3), in addition to establishing the subsistence of copyright, it is necessary to prove that the person has caused the literary or musical work to be performed in public. To "cause" a thing to be done involves some express or positive mandate from the person "causing" to the other person or some authority from the former to the latter.<sup>24</sup>

(a) Subsistence and ownership of copyright

The usual way of proving subsistence of copyright in a particular work is through the oral testimony and documentary evidence of the author of the work and the copyright owner.<sup>25</sup> However, this may not always be possible or expedient

<sup>23</sup> [1987] 2 MLJ 459.

<sup>24</sup> Ali Amberan v Tunku Abdullah [1970] 2 MLJ 15, McLeod (or Houston) v Buchanan [1940] 2 All ER 179. See, also, supra at p 17.

<sup>25</sup> See, for example, Chew Onn Yuen & Anor v Public Prosecutor, supra n 22. In that case, oral evidence was given by the composer that sufficient effort had been expended on making the musical works so as to give them an original character and that the works had been written down and reduced to material form. At that time, section 5(1) of the Copyright Act 1969 required that authors of the musical works be citizens or permanent residents of Malaysia at the time they made the musical works. This was proved by the oral testimony of an officer from the Registration Department. It is to be noted that this has ceased to be a requirement under the Copyright Act 1987. Evidence of ownership of copyright was



because the creation of a work and the subsequent sale or licensing of the copyright in it often involve an international network of individuals from different countries of the world. Authors, composers, artists, record and film producers, and broadcasters play their individual but vital parts in the creation of a successful film or sound recording. The expenses of transporting these individuals to Malaysia as witnesses are likely to be alarming.

An accused who puts in issue questions as to the subsistence and ownership of copyright can considerably hamper the prosecution if the copyright owner does not have the necessary documentation or witnesses at hand. To overcome this problem and to facilitate proof of subsistence and ownership, a new section 12A was inserted in the Copyright Act 1969 whereby the copyright owner in criminal proceedings can establish these facts by way of an affidavit or statutory declaration.<sup>26</sup> Such an affidavit or statutory declaration, once admitted, constitutes *prima facie* proof of the facts stated therein. The burden of proof then shifts to the accused to prove that the matters stated in the affidavit are not correct. This section is reproduced in the Copyright Act 1987 as section 42 with two new features. First, the agent of the copyright owner is allowed to swear the affidavit or the statutory declaration. Under the Copyright Act 1969, since only the copyright owner was entitled to swear the affidavit, his presence in court was frequently required even at the stage of establishing a "*prima facie*"

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given by the general manager and director of the complainant who orally testified to the various formal agreements entered into with the composers to purchase the copyright in the songs.

<sup>26</sup> By Copyright (Amendment) Act 1975, section 2.

case because he was the maker of the document. It was felt that the section did not effectively redress the inadequacies which it was intended to,<sup>27</sup> hence the inclusion of the agent as an alternative to the copyright owner in the making of an affidavit. Secondly, the section was extended to apply to civil proceedings as well.

Pursuant to section 42(1) of the Copyright Act 1987 the affidavit must state that copyright subsisted in the work at the time specified in the affidavit and that the deponent is the owner of the copyright. It would appear that the words "copyright subsisted" in section 42(1) refer to the subsistence of copyright in this country. It is, therefore, submitted that the affidavit should specify that copyright in the work subsisted in Malaysia. Support for this view may be found in the Singapore case of Chong Loy Sen v Public Prosecutor.<sup>28</sup> In that case, the court, in dealing with section 5(1) of the Copyright (Gramophone Records and Government Broadcasting) Act, Chapter 188 which was similar in terms to our section 42, held that the words "copyright subsisted" meant that copyright subsisted in Singapore as that was the copyright contemplated and recognised by the law in Singapore. According to the court, it was essential as a matter of evidence that an affidavit made pursuant to section

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<sup>27</sup> See Muhammad Shafee, 'Copyright Situation in Malaysia', paper presented at the National Workshop on Copyright organised by WIPO and the Ministry of Trade and Industry, Kuala Lumpur, May 2-3, 1986. Hong Kong had earlier enacted a similar provision pursuant to section 9 of the Copyright Ordinance, Cap 39 LHK 1975. See, also, Rawlinson P, 'Enforcement of Intellectual Property Rights in Hong Kong: What's Available?' [1993] EIPR 126.

<sup>28</sup> [1986] 2 MLJ 364.



5(1) should use the words "in Singapore". Section 42(1)(c) of the Copyright Act 1987 further requires a true copy of the work to be annexed. It is an offence to make a false statement in the affidavit or statutory declaration.<sup>29</sup>

In the case of a corporation, the affidavit shall be made by a responsible officer of the corporation. In Television Broadcasts & Ors v Seremban Video Centre Sdn Bhd,<sup>30</sup> Peh Swee Chin J (as he then was) in dealing with section 12A(2) of the Copyright Act 1969, held that a "responsible officer" need not be a salaried or high ranking employee. According to his Lordship, such a person may include a donee under a power of attorney or other person duly authorised by the company or that body of persons in question.<sup>31</sup>

The copyright laws of some countries confer on the court a right to allow the deponent to be called for cross-examination before admitting the

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<sup>29</sup> Copyright Act 1987, section 48(e). This sub-section was inserted in 1990 vide the Copyright (Amendment) Act 1990, section 14(d).

<sup>30</sup> Supra n 22.

<sup>31</sup> In that case, the defendant contended that the affidavit was improper because of a failure to comply with section 12A(2) of the Copyright Act 1969. In addition to the reasons given by Peh Swee Chin J (as he then was) for rejecting the contention, it is submitted that another basis for rejection lies on the fact that an affidavit made pursuant to section 12A(2) had no application to civil cases.

affidavit or statutory declaration into evidence.<sup>32</sup> To avoid indiscriminate cross-examination of the copyright owners which may be a delaying tactic on the part of the accused or the defendant, as the case may be, the copyright laws of these countries require the court to be satisfied that the desire to cross-examine be one of good faith. Such a provision has much merit in it because it provides leeway for the court to allow cross-examination of a deponent of an affidavit for the purpose of testing the veracity of his evidence. The absence of a corresponding provision in this country is regretted.

The facts stated in an affidavit pursuant to section 42 of the Copyright Act 1987 are prima facie proof only of subsistence and ownership of copyright. These facts may be challenged by evidence to the contrary tendered by the accused or defendant. In other words, the burden of proving that copyright did not subsist or was not owned by the person claiming to be the owner of the copyright is shifted to the accused or the defendant. The fairness of this provision is questionable because a plaintiff is almost always in a better position than a defendant to establish how the copyright came into existence. It should not be left to the defendant to disprove the subsistence and ownership of copyright unless he is also given the opportunity to cross-examine the deponent

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<sup>32</sup> See, for example, the Australian Copyright Act 1968, section 134A and the Singapore Copyright Act 1987, section 137(2). Recently, in the Singapore case of Public Prosecutor v Teoh Ai Nee [1994] 1 SLR 452, the prosecution tendered an affidavit pursuant to section 137(1) of the Singapore Copyright Act 1987. As the defence neither objected to the admissibility of the affidavit nor expressed any desire to cross-examine the deponent under section 137(2), the court admitted the affidavit as evidence and held that the onus then laid on the defence to prove that copyright did not subsist in Singapore at the relevant time.



on the contents of the affidavit. In this respect, it should be noted that Order 38 rule 2 of the Rules of the High Court 1980 provides for the defendant in a civil proceeding to cross-examine the deponent only if the court thinks it fit to do so. Thus, the court has a discretion to decide whether or not a defendant may cross-examine the deponent of an affidavit. While this provision may assist a defendant in a civil proceeding, it has a limited application because it does not extend to affidavits tendered in criminal proceedings.

Furthermore, the fact that section 2 of the Evidence Act 1950 excludes the application of the Act to affidavit evidence is a source of much confusion because it raises uncertainty as to what rules or principles govern affidavit evidence. On the one hand, it may be argued that affidavit evidence is not governed by any evidential rule and that Parliament had intended it to be so. If this is the case, then the consequences are dire because there is nothing to regulate the proof of facts or to check the risk of the evidence being untrue or unreliable. This can conceivably open the Pandora's box to abuses by deponents of affidavits because their evidence can be admitted without satisfying the rules of evidence relating to relevancy, hearsay, confession, character evidence, competency and the like.<sup>33</sup>

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<sup>33</sup> A view to the contrary argues that although the Evidence Act 1950 does not apply to affidavits, that does not mean that an affidavit can be admitted as evidence without the necessity for the deponent to enter the witness-box. See Sarkar MC, Sarkar SC & Sarkar PC Law of Evidence 14th Ed (Agra, Wadhwa & Company, 1993) Vol 1 at 21.

On the other hand, it may be contended that there is a lacuna and since there is no provision dealing with affidavit evidence in this country, the English law of evidence applies. Support for this view may be found in section 3 of the Civil Law Act 1956 (revised 1972) which provides for the general application of English law as at various cut off dates provided there are no provisions in any written local law.<sup>34</sup> Under the English law of evidence, the contents of affidavits must be confined to such matters as are admissible by the rules of evidence.<sup>35</sup> If so, then affidavit evidence in this country are subject to the English evidential rules of relevancy, hearsay, competency and the like. In particular, the adverse party is entitled as of right to cross-examine the deponent of the affidavit.

It is submitted that the latter view is unlikely to be the position in this country because it leads to a result which is in direct conflict with section 2 of the Evidence Act 1950. This would defeat the intention of Parliament in excluding the application of the Evidence Act 1950 from affidavit evidence. It is, therefore, submitted that the former view which is that affidavit evidence is not governed by any evidential rule is the current position in this country.

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<sup>34</sup> As to this, see Chapter 3 at pp 59-60.

<sup>35</sup> Re Cohen (a Bankrupt) [1950] 2 All ER 36.



(b) Infringing acts

The second requirement that the prosecution must prove commission of the acts stated in section 41 has been discussed above.<sup>36</sup>

(c) Infringing copies

As to the third requirement that the prosecution must prove the existence of an infringing copy, section 3 of the Copyright Act 1987 defines what is an "infringing copy". Prior to the Copyright (Amendment) Act 1990, an "infringing copy" was defined as "any reproduction of any work eligible for copyright under this Act, the making of which constitutes an infringement of copyright in the work". The 1990 Amendment Act added on to this definition the case of an article imported into Malaysia without the consent or licence of the owner of the copyright. In such a case, an "infringing copy" is any reproduction of any work eligible for copyright, the making of which was carried out without the consent of the copyright owner. At the same time, the offence under section 41(1)(f) was also amended so as to be consistent with the definition. With the amendment, the offence under section 41(1)(f) now extends only to infringing copies and does not include copies made lawfully with the consent or licence of the copyright owner. It is submitted that the words "the copyright owner" refer to the copyright owner in the country of importation, that is, Malaysia and not to the copyright owner in the country in which the copy was made. Support for

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Supra at 2.1.1.

this view may be found in the recent Singapore case of Public Prosecutor v Teoh Ai Nee & Anor<sup>37</sup>. In that case, the High Court interpreted the words "the owner of the copyright" which appear in the definition of "infringing copy" in section 7 of the Singapore Copyright Act 1987 as meaning the copyright owner in the country of importation, that is, Singapore. The definition of "infringing copy" in section 3 of our Copyright Act 1987 is substantially similar to the definition of "infringing copy" in section 7 of the Singapore Copyright Act 1987.

*Section 41 therefore relieves the prosecution of the difficult task*

*of establishing mens rea on the part of the infringer at the time of the offence.*

*Instead, a court* Once the prosecution proves the infringer's criminal liability under section 41 beyond reasonable doubt,<sup>38</sup> it is for the infringer to prove, by way of defence, that he had acted in good faith and had no reasonable grounds for supposing that copyright would or might be infringed. This was also the position under section 15 of the Copyright Act 1969. What amounts to "good faith" under the Copyright Act 1987 is not clear though the words appear to contemplate some moral elements of honesty, upright mental attitude and clear conscience. "Good faith" in criminal law is different from "good faith" as

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<sup>37</sup> Supra n 32. The effect of this decision was to severely restrict parallel imports in Singapore. Subsequently the Parliament of Singapore amended the Singapore Copyright Act 1987 vide the Copyright (Amendment) Act 1994 to reverse this decision.

<sup>38</sup> Recently, the Supreme Court in Khoo Hi Chiang v Public Prosecutor [1994] 1 MLJ 265 decided that the court, at the close of the case for the prosecution, must determine whether or not the prosecution has established the charge against the accused beyond all reasonable doubt.



understood in civil law.<sup>39</sup> In addition to "good faith", the infringer must also prove that he had no reasonable grounds for supposing that copyright would or might thereby be infringed. As with "good faith", what amounts to "supposing" is not clear from the Act although it would seem to connote believing or assuming something to be a fact, without reference to the truth or otherwise of the matter.<sup>40</sup>

Section 41 therefore relieves the prosecution of the difficult task of establishing mens rea on the part of the infringer at the time of the offence. Instead, it casts the burden of proving absence of mens rea on the infringer. This aspect of section 41 is a statutory exception to the general common law that the prosecution has the burden of proving all elements of liability. Section 41 does not completely reverse the prosecution's burden of proof but casts on the infringer a subordinate burden of proving lack of good faith and absence of

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<sup>39</sup> Gour HS, The Penal Law of India 10th Ed (Allahabad-211001, Law Publishers, 1987) at 378. It is to be noted that section 52 of the Penal Code provides that "nothing is said to be done or believed in good faith which is done or believed without due care and attention". Although this explanation of "good faith" is provided in the context of criminal offences under the Penal Code, the possibility of the courts applying the same concept to copyright offences cannot be disregarded. In Public Prosecutor v Tunku Mahmood Iskandar [1977] 2 MLJ 123, the accused, who was convicted of culpable homicide pleaded good faith as a mitigating factor. The court held that it was a settled principle that to satisfy the court of good faith, a person must show that he acted advisedly and that he had no reasonable grounds for believing that he ought to do what he did.

<sup>40</sup> Khaw LT, 'Copyright Law in Malaysia: The Response to Technological Development' (unpublished thesis submitted for the Degree of Doctor of Philosophy, London School of Economics and Political Science), (1990) at 311.

reasonable grounds for supposing that copyright would or might be infringed.<sup>41</sup> The standard of proof required of the infringer in respect of these two factors is proof on the balance of probabilities.<sup>42</sup>

In contrast, many other copyright statutes have been reluctant to displace the requirement of mens rea.<sup>43</sup> It is to be noted that the Whitford Committee, in its report,<sup>44</sup> recommended that the burden on the prosecution to prove that the infringer knew he was dealing with an infringing copy should be abolished. The Committee recommended that the burden be shifted to the infringer to establish that he did not know and had no reasonable grounds for suspecting that the acts complained of were acts done in relation to infringing copies. This recommendation was, however, not pursued by the British government as it was felt that it would be unreasonable to expect an honest trader dealing in many different products to prove that he did not know that a particular product was made in infringement of copyright.<sup>45</sup> In Australia, pursuant to the

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<sup>41</sup> Similar provisions which cast on the infringer the burden of proving absence of guilty knowledge can be found in the Hong Kong Copyright Ordinance, Cap 39 LHK 1975, section 5(1) and the Trinidad and Tobago Copyright Act 1985, section 37(1).

<sup>42</sup> R v Carr-Briant [1943] 1 KB 607, R v Dunbar [1958] 1 QB 1, Wong Chooi v Public Prosecutor [1967] 2 MLJ 180, Public Prosecutor v Yuvaraj [1969] 2 MLJ 89.

<sup>43</sup> See, for example, the UK Copyright, Designs and Patents Act 1988, section 107; the Singapore Copyright Act 1987, section 136 and the Australian Copyright Act 1968, section 132.

<sup>44</sup> See comments of Great Britain, Report of the Committee to consider the law on Copyright and Designs (London, HMSO, 1977) Cmnd 6732, para 711.

<sup>45</sup> See comments of Great Britain, Report of the Law relating to Copyright Designs, and Performers' Protection (A Consultative Document) (London, HMSO, 1983) Cmnd 8302 at 50.



Copyright Amendment Act 1986, it was sufficient for the prosecution to prove that the accused "ought reasonably to know" of the infringement.<sup>46</sup> A similar provision exists under section 136 of the Singapore Copyright Act 1987. In the United Kingdom, section 107 of the Copyright, Designs and Patents Act 1988 changed the test of relevant knowledge so that it is no longer necessary to show actual knowledge but simply that the defendant had reason to believe the relevant fact. The burden of proof in respect of this lesser degree of knowledge still remains on the prosecution.

### 2.1.3 Punishment for Section 41 Offences

If criminal penalties are to act as effective deterrents, it is crucial that their severity commensurate with the gravity of the offence and the extent of damages caused to the copyright owners. Scale of penalties which is outdated or which represents no more than a small fraction of the huge profits derived from the infringement will not create any impact. Clearly penalties must be substantial enough if they are not only to threaten the widespread infringing activities but also to rock the economic basis of such activities.

Recognising this, Parliament has always placed great emphasis on the protection and enforcement of copyright law by way of criminal remedies.

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<sup>46</sup> See the Australian Copyright Act 1968, sections 132 and 132A. In Hooi v Brophy (1984) 52 ALR 710, Pontello v Giannotis (1990) AIPC 90-628 and Olsen v Hutchison (1992) AIPC 90-928, it was held that constructive knowledge was sufficient if proven beyond reasonable doubt.

This is reflected in the raising of penalty levels via amendments to the Copyright Act 1969 and culminating in the present levels of penalty provided in sections 41 and 43 of the Copyright Act 1987. The Copyright Act 1969 was amended twice over a period of ten years to increase the severity of the penalty, once in 1975 and again in 1979. Pursuant to the 1975 Amendment Act, the original penalty of a fine not exceeding RM200 per infringing copy with a maximum of RM50,000 or one year imprisonment or both was increased to RM2,000 per infringing copy with an upper limit of RM100,000.<sup>47</sup> The term of imprisonment remained unchanged. The amendment in 1979, in addition to further increasing the penalties of each offence, also placed the offence of possession of contrivance on a more serious footing than the other categories of copyright offences.<sup>48</sup> The making or possessing of any contrivance for the purpose of making infringing copies is punishable with a maximum fine of RM20,000 for each contrivance or a term of imprisonment not exceeding ten years, or both<sup>49</sup>. The other offences are punishable with a maximum fine of RM10,000 per infringing copy with an upper limit of RM100,000 or imprisonment not exceeding five years, or both. The 1987 Act incorporated the

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<sup>47</sup> Copyright (Amendment) Act 1975, section 3.

<sup>48</sup> Copyright (Amendment) Act 1979, section 2.

<sup>49</sup> In Soon Kim Seng v Public Prosecutor [1978] 2 MLJ 107, the appellants argued that section 15(1) of the Copyright Act 1969 did not provide any punishment for the offence of possession of contrivance. The court, while upholding the conviction of the offence of possession of contrivance, agreed with the appellant that section 15(1) provided punishment only for the possession of infringing copies but not for the possession of contrivances. The 1979 amendment overcame this deficiency.



same scale of penalty with two main differences. First, there is now no upper limit imposed on the amount of penalty. Secondly, subsequent offences carried a penalty double the amount of the first offence thus reflecting Parliament's abhorrence towards those with a propensity to recidivate. The offence of causing a literary or musical work to be performed in public under section 41(3) is punishable with a fine under section 43 not exceeding RM25,000 or an imprisonment not exceeding three years or both. As a result of the severe penal provisions<sup>50</sup> existing now, offences relating to copyright infringements can hardly be seen as trivial.

#### **2.1.4 Criminal Remedies under other Statutes**

Copyright infringement on a commercial basis is often closely associated with the contravention of consumer protection statutes. Although these statutes are not directly related to copyright law, they are nevertheless alternative avenues available to copyright owners. The availability of these provisions lies mainly on

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In contrast, under the Australian Copyright Act 1968, the maximum fine for offences in respect of infringing copies of a work other than a cinematograph film is \$500 per infringing copy if the offender is a natural person and \$2,500 per infringing copy if the offender is a body corporate. In respect of offences relating to infringing copies of a cinematograph film, the maximum fine is \$1,500 for each infringing copy if the offender is a natural person and \$7,500 if the offender is a body corporate. See the Australian Copyright Act 1968, sections 132 and 133. In Singapore, although the scale of penalties is comparable to ours, the Singapore Copyright Act 1987 provides for an upper limit in respect of any fine imposed unlike our Copyright Act 1987 which does not set any ceiling to the fine imposed. See the Singapore Copyright Act 1987, section 136.

the basis that consumers are deceived into believing they are buying genuine products. The deception arises from the fact that the infringing copies are usually packed in such a way as to be almost indistinguishable from the legitimate products. Even the artwork, label, trade name, trade mark and printed information about the products are replicated.

Under the Trade Descriptions Act 1972, it is an offence for any person, in the course of a trade, to apply a false trade description to any goods or to supply or offer to supply any goods to which a false trade description is applied.<sup>51</sup> This applies particularly to illegal copies of a work such as sound recordings or video cassettes which have been dressed up to look like the genuine article. It is to be noted that copyright infringement per se is not the subject matter of an offence under the Trade Descriptions Act 1972. Instead, the offence

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<sup>51</sup> Trade Descriptions Act 1972, section 3(1)(a). A wide meaning is given by section 6 to the word "applies". Pursuant to section 6(1), "A person applies a trade description to goods if he -

- (a) affixes or annexes it to or in any manner marks it on or incorporates it with -
  - (i) the goods themselves; or
  - (ii) anything in, on or with which the goods are supplied; or
- (b) places the goods in, on or with anything which the trade description has been affixed or annexed to, marked on or incorporated with, or places any such thing with the goods; or
- (c) uses the trade description in any manner likely to be taken as referring to the goods".

A "trade description" is defined in section 4(1) as an indication of any one or more of a series of listed matters spelt out in the section which include the quality of the goods and the person by whom it was manufactured, produced, processed or reconditioned.



under the Act lies in the fact that the illegal copies are packaged in such a manner as to be taken as referring to the genuine goods.<sup>52</sup>

In addition, where the trade mark of the manufacturer of the legitimate product has been wrongfully applied to the infringing copy, the proprietor of the trade mark may seek an order from the court declaring that the infringing trade mark is a false trade description under section 16(1) of the Act. Being a false trade description applied to the infringing goods, an offence under section 3 of the Act would have been committed. Pursuant to section 16(3) such an order is admissible in evidence as conclusive proof of a false trade description in any prosecution under the Act. An offence under this section is punishable with a fine not exceeding RM100,000 or imprisonment not exceeding three years or both.<sup>53</sup> Subsequent offences are punishable with a fine not exceeding RM200,000 or imprisonment not exceeding six years or both. In the case of body corporates, the punishment is a fine not exceeding RM250,000 for the first offence and RM500,000 for subsequent offences. It is to be noted also that the Trade Descriptions Act 1972 is a penal statute and does not give any civil remedy to a deceived or misguided consumer.

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<sup>52</sup> Recently, two local companies which were involved in computer software piracy were charged and found guilty under the Trade Descriptions Act 1972. See, New Straits Times, Computimes, 13 October 1994, p 1. In Australia, actions have also been brought both under the Australian Copyright Act 1968 and the Australian Trade Practices Act 1974 simultaneously. See, for instance, WH Brine Co & Anor v Whitton (1981) 37 ALR 190 and Star Micronics Pty Ltd & Anor v Five Star Computers Pty Ltd (trading as Computerfair) & Ors (1991) 22 IPR 473.

<sup>53</sup> Trade Descriptions Act 1972, section 18.

conspiracy. Offences under the Printing Presses and Publications Act 1984 have also been relied upon by copyright owners, more specifically, in the context of audio recordings. Pursuant to section 11(2) of the Act, the name and address of the producer of an audio recording must be printed conspicuously on the cover or container of the recording. A presumption arises under section 15 that the producer whose name or address is printed on the container is the producer of the audio recording. A contravention of section 11(2) is an offence punishable with imprisonment not exceeding one year or with a fine not exceeding RM5,000 or both. Therefore, an infringer is bound to disclose his name and whereabouts on the cover or container of the recording thereby enabling others to trace him easily. If he refuses to furnish these particulars or furnishes false particulars, he will be criminally liable under the Act.

41 of the Copyright Act 1987

Infringement of copyright can also give rise to offences under the Penal Code although there is as yet no locally reported decision on this point. Since the business operation of an infringer may involve distributors, middlemen, wholesalers and retailers, as is likely to be the case if the business is conducted on a sufficiently large scale, these parties could be charged for the offence of abetment by conspiracy under section 107 of the Penal Code. Alternatively, they could also be charged with the offence of criminal conspiracy under section 120A of the Code.

For the commission of an offence of abetment by conspiracy under section 107, there must be a combining together of two or more persons in the



conspiracy, and some act or illegal omission must have taken place in pursuance of the conspiracy.<sup>54</sup> As direct evidence of a conspiracy is rarely available, conspiracy may be proved by the evidence of surrounding circumstances. Thus, the prosecution may prove the existence of a chain beginning from the infringer as manufacturer and linked to the distributors who may in turn be linked to the wholesalers or retailers. Each of these individuals would play their part in the business transaction with the motive of making illegal profits. The punishment for abetment by conspiracy is provided in section 109. The effect of section 109 is to place the abetment and the offence abetted on the same footing in the case where no express provision is made by the Code for the punishment of such abetment. Thus, abetment by conspiracy in the context of offences related to copyright infringement is punishable to the same extent as offences under section 41 of the Copyright Act 1987.

In the case of criminal conspiracy under section 120A of the Penal Code, it must be shown that there was an agreement between two or more persons. In addition, it must also be shown that the agreement was for the doing of an illegal act, or for the doing by illegal means of a legal act. By the proviso to that section, the mere agreement to commit some offence is sufficient. There is no further requirement that the offence be carried out unlike the offence of abetment by conspiracy. Thus, the arrangement between various parties to

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<sup>54</sup> Ratanlal & Dhirajlal, Law of Crimes (New Delhi, Bharat Law House, 1987) at 341; Cheang M, Criminal Law of Malaysia & Singapore: Principles of Liability (Kuala Lumpur, Professional (Law) Books Publishers, 1990) at 235.

systematically pass on the infringing copies down the business hierarchy to the retailer who sells, hires, exhibits, distributes these copies or does any other act in contravention of section 41 of the Copyright Act 1987 is itself a criminal conspiracy.

Another possible offence that could be charged is counterfeiting under section 28 of the Penal Code. A person is said to "counterfeit" if he causes one thing to resemble another thing, intending to practise deception. Thus pirated copies of a sound recording, video film or computer program could be covered by this section.

Although controversies exist in other countries as to whether infringement of copyright is theft, it is submitted that it cannot be theft under the theft provision of our Penal Code. Section 378 which is the provision on theft requires five elements to be satisfied before the offence of theft is made out. First, there must be a dishonest intention to take property. Secondly, the property must be movable. Thirdly, the property should be taken out of the possession of another person. Fourthly, the property should be taken without the consent of that person. Fifthly, there must be some removal of the property in order to accomplish the taking of it. While section 27 of the Copyright Act 1987 deems copyright to be movable property, the act of infringement can hardly be argued as taking the copyright concerned out of the possession of the copyright owner. In addition, there is no physical removal of the copyright, as is required by section 378.



In England, a person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.<sup>55</sup> Lord Fraser of Tullybelton in Rank Film Ltd v Video Information Centre<sup>56</sup> took the view that copyright was not property and therefore could never be the subject matter of theft. This was despite section 36(1) of the UK Copyright Act 1956<sup>57</sup> which provided that copyright was capable of transmission by assignment or testamentary disposition as personal or movable property. Likewise, Lord Wilberforce in the same case remarked that "infringement of copyright is not theft".<sup>58</sup> The view is generally taken that copyright infringement does not deprive the copyright owner of his copyright and hence a vital element of theft which is the deprivation of property is not met.<sup>59</sup>

Interestingly, in Canada, the Crown has succeeded in relying on section 283(1) of the Criminal Code, R.S.C. 1970, c. C-34,<sup>60</sup> the provision on

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<sup>55</sup> Theft Act 1968, section 1(1).

<sup>56</sup> [1982] AC 380 at 445.

<sup>57</sup> Section 36(1) of the UK Copyright Act 1956 appears as section 90(1) of the UK Copyright, Designs and Patents Act 1988.

<sup>58</sup> Rank Film Ltd v Video Information Centre, *supra* n 56 at 443.

<sup>59</sup> Griew E, *The Theft Acts 1968 and 1978* (London, Sweet & Maxwell, 1990) at para 2-139; R v Lloyd [1985] 2 All ER 661.

<sup>60</sup> Section 283(1)(a) of the Criminal Code of Canada provides that 'Every one commits theft who fraudulently and without colour of right takes, or fraudulently and without colour of right converts to his use or to the use of another person, anything whether animate or inanimate, with intent to deprive, temporarily or absolutely, the owner of it or a person who has a special property or interest in it, of the thing or of his property or interest in it'.

theft. In R v Stewart,<sup>61</sup> the Ontario Court of Appeal had to decide whether the illegal photographing or photocopying of the confidential list of employees in a large hotel complex amounted to theft. Cory JA, one of the two judges forming the majority, was of the view that the list of employees was protected by the Copyright Act, R.S.C. 1970, c. C-30 as literary works. Copyright, according to his Lordship, was a form of property analogous to personal property which could be sold or transferred by will and therefore came within the scope of the offence of theft. The photographing or photocopying of the list would convert to the use of another the copyright which belonged to the hotel thereby satisfying section 283(1). This aspect of the judgment is obviously not in accord with the House of Lords decision in Rank Film<sup>62</sup> which was not cited by Cory JA.

## 2.2 Offences relating to Enforcement

The offences under section 41 of the Copyright Act 1987 are backed up by broad powers of enforcement provided in Part VII of the Act. This is a unique feature not found in the other intellectual property statutes such as the Trade Marks Act 1976 and Patents Act 1983. Offences relating to the exercise by enforcement officers of their powers of investigation, entry and search are also provided in this part of the Act. Although these offences do not have immediate relation to acts of infringement, they are nevertheless of significance to copyright owners.

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<sup>61</sup> (1983) 149 DLR (3d) 583.

<sup>62</sup> Supra n 56. See, also, Green BM, 'The Empire Strikes Back: Criminal Remedies for Video Piracy' (1984) 1 IPJ 1; Moskoff FR, 'The Theft of Thoughts: The Realities of 1984' (1985) 27 Crim LQ 226.



This is because they concern deliberate acts by infringers or third parties to forestall the enforcement officers' efforts in detecting and apprehending infringers as well as in securing evidence. The enforcement unit is vested with extensive investigative powers and powers of entry, search and seizure. The remaining part of this chapter examines these powers of the enforcement officers and the prosecution of offenders.

### 2.2.1 Powers of Investigation

Pursuant to section 50 of the Copyright Act, the power to investigate the commission of any offence under the Act is vested in the Assistant Controllers and police officers not below the rank of Inspector. The Assistant Controllers are appointed by the Minister under section 5. The Minister is also empowered to appoint a Controller of Copyright and Deputy Controllers of Copyright whose function is to supervise all matters relating to copyright under the Act.<sup>63</sup> In addition, the Controller and Deputy Controllers may exercise such powers as are exercisable by the Assistant Controllers.<sup>64</sup>

Under the Copyright Act 1969, the police alone were responsible for the investigation of copyright offences. The Copyright Act 1987 now vests

<sup>63</sup> Copyright Act 1987, section 5(2).

<sup>64</sup> Section 5(4).

such responsibility in the police and the Assistant Controllers.<sup>65</sup> The powers of the Assistant Controllers to investigate the commission of any copyright offence are concurrent with that of the police provided under Part V of the Criminal Procedure Code with one exception.<sup>66</sup> This exception lies in the power of the police to arrest without warrant in any seizable offence<sup>67</sup> which is not available to an Assistant Controller. Although the burden of enforcement no longer rests solely on the police, they have nevertheless continued to play a significant role in investigating copyright offences.<sup>68</sup> Successful raids have also been carried out with the joint effort of both the police and the Assistant Controllers.<sup>69</sup>

Under the Copyright Act 1987, search and seizure can be conducted with or without a search warrant, depending on the circumstances.

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<sup>65</sup> A similar vesting of investigative powers in law enforcement agency may be found in the Hong Kong Copyright Ordinance, Cap 39 LHK 75. In 1973, the Hong Kong government established the Copyright Investigation Unit which subsequently became the Copyright Division within the Customs and Excise Service to enforce the copyright law. This task force was empowered to enter, seize, arrest and prosecute copyright offenders. See, Lo MH, 'Enforcement of Anti-Piracy Measures from the Viewpoint of Law Enforcement Authorities', paper presented at the National Workshop on Copyright organised by WIPO and the Ministry of Trade and Industry, Kuala Lumpur, May 2-3, 1986.

<sup>66</sup> Copyright Act 1987, section 50(2).

<sup>67</sup> See Criminal Procedure Code, section 23.

<sup>68</sup> See the observation made in Lim HG, 'Piracy in the Malaysian Music Industry', [1991] 1 MLJ xxii.

<sup>69</sup> See, for instance, New Straits Times, 17 March 1993, p 8 where two policemen together with enforcement officers from the Domestic Trade and Consumer Affairs Ministry were involved in the raid.



### 2.2.2 The issue of Search Warrants

Section 44 empowers a Magistrate on an ex parte application to issue a warrant to any Assistant Controller or police officer to enter the house or premises in question for the purpose of a search and seizure provided that the conditions spelt out in the section are fulfilled. First, the information must be laid on oath before the Magistrate. The section does not prescribe the form which such information should be made nor does it require the information to be given in writing. However, in In re Kah Wai Video (Ipoh) Sdn Bhd<sup>70</sup>, Edgar Joseph Jr J (as he then was) took the view that such information ought properly to be in the form of a deposition stating shortly the facts.

Secondly, the informant must show that there is reasonable cause for suspecting that an offence under section 41 has been committed. "Reasonable cause" describes the weight of the material giving rise to the suspicion.<sup>71</sup> It is such information as would justify a reasonable person in having the suspicion.<sup>72</sup>

At this stage, it is not necessary for the Magistrate to determine whether the information gives rise to a prima facie case that an offence has been committed.

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<sup>70</sup> Supra n 23.

<sup>71</sup> Feldman D, The Law Relating to Entry, Search and Seizure (London, Butterworths, 1986) at para 4.17. See, too, Cheang M, 'Entry, Search and Seizure in Malaysia' [1990] SCJ 83.

<sup>72</sup> Ibid.

Thirdly, the informant must show that there is reasonable cause for suspecting that the items mentioned in section 44 are in the house or premises to be searched. "Premises" has been defined broadly in section 3 to include, *inter alia*, any place in the open air, whether such place is with or without enclosure. Thus, open air markets and street hawkers would be within the scope of that word.<sup>73</sup> The items that may be searched and seized are infringing copies including copies suspected to be infringing copies,<sup>74</sup> any contrivance used or intended to be used or capable of being used for making infringing copies, any article, vehicle,<sup>75</sup> book or document by means of or in relation to which an offence has been committed. The range of items that are liable to be seized under this section is therefore very wide unlike the equivalent provision under the Copyright Act 1969 which permits the search and seizure of infringing copies and contrivance only.<sup>76</sup> The requirement that there be "reasonable cause for suspecting" is a less exacting one than that of reasonable cause for believing because suspicion is a less assured state of mind than belief.<sup>77</sup> As was stated

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<sup>73</sup> Khaw LT, 'Copyright Law in Malaysia: The Response to Technological Development', *supra* n 40.

<sup>74</sup> Pursuant to the amendment to section 44(2) of the Copyright Act 1987 brought about by section 12(c) of the Copyright (Amendment) Act 1990, the enforcement officers are empowered to seize, *inter alia*, "any copy suspected to be an infringing copy". Although section 44(1) was not amended correspondingly to include this phrase, the section should be construed as empowering enforcement officers to seize copies suspected to be infringing copies as well.

<sup>75</sup> "Vehicle" was inserted by the Copyright (Amendment) Act 1990, section 12(a).

<sup>76</sup> See Copyright Act 1969, section 15(4).

<sup>77</sup> Feldman (1986) at para 4.18.



by Edgar Joseph Jr J (as he then was) in In re Kah Wai Video,<sup>78</sup> "to believe" is to regard the fact as true whereas "to suspect" implies a readiness to believe without sufficient data.

It is the duty of the Magistrate to be satisfied that the informant has reasonable cause for suspicion before he grants a warrant. Whether the "reasonable cause" standard is finally met or not is based on the opinion of the Magistrate after considering all the information and not on the informant's assessment of his own case.<sup>79</sup> The Magistrate must act judicially in deciding whether or not to issue a warrant because the power to enter premises is an invasion of an individual's liberty.<sup>80</sup> If he decides to issue a warrant, it must be signed by the Magistrate himself, otherwise he is not issuing it under his hand as required by section 44. In Public Prosecutor v Then Mee Kom,<sup>81</sup> Ajaib Singh J (as he then was) held that a search warrant under section 15(4) of the Copyright Act 1969 which was signed by the Registrar of the Sessions Court and not by the Magistrate who issued it was invalid. The court was of the view that the phrase "may issue a warrant under his hand" imposed a duty on the Magistrate which he could not delegate. It should be noted that the judge in Then Mee Kom<sup>82</sup> was of the view that the irregularity in the search warrant was

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<sup>78</sup> Supra n 23.

<sup>79</sup> Feldman (1986) at para 4.29.

<sup>80</sup> Ibid at para 4.08.

<sup>81</sup> [1983] 2 MLJ 344.

<sup>82</sup> Ibid.

so serious that it could not be cured by section 422 of the Criminal Procedure Code. Although section 44(1) of the Copyright Act 1987 uses the more mandatory sounding phrase of "shall issue a warrant under his hand", it is submitted that such a defect in the warrant may now be cured by invoking section 49 of the Act.

Since the Copyright Act 1987 does not prescribe the form of the warrant of search, such warrant would follow the form as prescribed under the Criminal Procedure Code.<sup>83</sup>

### **2.2.3 Entry, Search and Seizure pursuant to a Search Warrant**

Armed with a valid warrant which is in force, the Assistant Controller or police officer is empowered to enter the house or premises at any reasonable time by day or night to execute the warrant. This is in contrast to section 15(4) of the Copyright Act 1969 which permits entry during the day time only. There is a clear advantage in authorising entry during the night because many outlets continue to operate till the late hours of the night. In particular, the night markets in Malaysia flourish only after dark. This flexibility of time is circumscribed by the requirement that entry has to be made at a reasonable hour. Thus, while it may not be unreasonable to effect an entry at night on a premises which is opened for business, the same may not always be said of a night search of homes unless the search is a matter of urgency to prevent items being spirited

<sup>83</sup>

In re Kah Wai Video (Ipoh) Sdn Bhd, supra n 23.



away or destroyed.<sup>84</sup> Where admittance to the premises is refused by the occupier, section 45 of the Copyright Act 1987 authorises the executing officer to use force, if necessary, to enter the premises so as to remove any obstruction to entry, search or seizure and to detain any person found in the place until the search is completed.

On entry into the premises, the Assistant Controller or police officer is not entitled to "turn over" the whole house. Instead, he must exercise the powers of search reasonably bearing in mind the purpose for which the warrant was given.<sup>85</sup> If the items are suspected to be locked up in a cupboard or its like, force may be applied to break such locks under the powers given in section 45.

The provision made in section 44(1) empowering the enforcement officer to seize any copy, contrivance, article, vehicle, book or document is amplified in section 44(2).<sup>86</sup> In addition to the items mentioned above which are liable to be seized, section 44(2) also permits the seizure of any copy suspected to be an infringing copy.<sup>87</sup> Section 44(1A) enables the enforcement

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<sup>84</sup> Inland Revenue Commissioners v Rossminster Ltd [1980] AC 952.

<sup>85</sup> Feldman (1986) at para 7.12.

<sup>86</sup> It is to be noted that Article 16 of the Berne Convention provides for infringing copies of a work to be liable to seizure in any country of the union where the work enjoys legal protection. The seizure shall take place in accordance with the legislation of each country. Article 16 leaves the method of seizure to be determined by national legislation.

<sup>87</sup> See supra n 74.

officer to take with him such other persons and such equipment as may appear to him necessary, presumably to assist in the investigation.<sup>88</sup> On leaving the house or premises, the enforcement officer shall, if the house or premises is unoccupied or the occupier is temporarily absent, leave it as effectively secured against trespassers as he found it. Where it is not practical to remove from the premises the items which have been seized by reason of their nature, size or amount, section 47 allows the enforcement officer to seal such items in the premises or container in which they are found. It is an offence punishable under section 43 for any person without lawful authority to break, tamper with or damage such seal or remove such items or attempt to do so.

Upon seizure of the items, the enforcement officer shall produce them before the Magistrate unless it is not practical to do so by reason of their nature, size or amount. In such an event it shall be sufficient for the seizure to be reported to the Magistrate.<sup>89</sup> The Magistrate shall direct the same to be kept in the custody of the enforcement officer for the purpose of any investigation or prosecution. Where the items have been sealed pursuant to section 47, it shall be sufficient for the seizure to be reported to the Magistrate or for the Magistrate

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<sup>88</sup> This was inserted by the Copyright (Amendment) Act 1990, section 12(b).

<sup>89</sup> Copyright Act 1987, section 44(2). The Act does not specify when the items seized should be produced before the Magistrate. However, the form for a search warrant prescribed under the Criminal Procedure Code (Form VIII in the Second Schedule) which is also the form which a search warrant under section 44(2) should follow, as was held in In re Kah Wai Video, *supra* n 23, requires that items seized as a result of the warrant should be produced forthwith before the Magistrate.



to view the same in such premises or container.<sup>90</sup> After the search, the enforcement officer must prepare a list of the things seized and forthwith deliver a copy signed by him to the occupier, his agents or servants present in the premises.<sup>91</sup> If the premises are unoccupied, the enforcement officer shall post a list of the things seized on the premises.

In the context of seizure of items, an important issue that often arises is whether the enforcement officers' powers to seize items extend beyond the items specified in the warrant. In re Kah Wai Video<sup>92</sup> involved a warrant issued to the police pursuant to section 15(4) of the Copyright Act 1969 authorising them to search two premises for certain articles specified in the schedules thereto. In conducting the search, the Inspector seized articles which came within the precise limits of the schedules to the search warrant as well as articles which did not fall within the category of documents mentioned in the warrant. One of the issues before the court was whether the seizing of unscheduled articles rendered the seizure illegal. Edgar Joseph Jr J (as he then was) was of the view that it did not for two main reasons. First, by virtue of an implied extension of powers under the warrant, the police was authorised to seize the unscheduled articles. Reliance was placed on the English case of Frank Truman Export v Metropolitan Police Commissioner.<sup>93</sup> This English case held

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<sup>90</sup> Section 44(3).

<sup>91</sup> Section 46(1).

<sup>92</sup> Supra n 23.

<sup>93</sup> [1977] 3 All ER 431.

that a constable entering a house by virtue of a search warrant for stolen goods may seize not only goods which he reasonably believes to be covered by the warrant, but also any goods which he believes on reasonable grounds to have been stolen. Secondly, apart from this implied power under the search warrant, there is also the common law extension of police powers to seize articles not falling within the schedule in the warrant. Support for this proposition was found in the English cases of Ghani v Jones<sup>94</sup> and Chic Fashions (West Wales) Ltd v Jones.<sup>95</sup> In these cases, the courts held that in addition to being entitled to seize goods which the police reasonably believe to be material evidence in relation to the crime for which entry was made, the police can also seize goods found in the premises in the course of their search which implicate the occupier in some other crimes. In the instant case, Edgar Joseph Jr J (as he then was) found as a fact that the inspector conducting the search had reasonable grounds for believing and did believe that the unscheduled articles constituted material evidence in relation to the crime for which he entered the premises or they showed implication in some other offences of the same kind. Having concluded that the police had powers to seize unscheduled articles, the court had to further consider whether these unscheduled articles could be admissible in evidence in a prosecution under section 15(1) of the Copyright Act 1969.<sup>96</sup> In deciding in the affirmative, the

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<sup>94</sup> [1970] 1 QB 693.

<sup>95</sup> [1968] 2 QB 299.

<sup>96</sup> Section 15(1) of the Copyright Act 1969 relates to offences for infringement of copyright. It is substantially similar to section 41 of the Copyright Act 1987.



court relied on the case of Kuruma v R.<sup>97</sup> In that case, the Privy Council said that when considering whether a certain evidence is admissible, the court has to determine whether the evidence is relevant to the matter in issue. According to the Privy Council, the court should not be concerned with how the evidence was obtained. It is to be noted that In re Kah Wai Video<sup>98</sup> and authorities relied on by the court in that case involved searches by the police who in the first place have a special duty to detect crime and preserve evidence for use in court. Whether the same powers would apply where the entry, search or seizure is conducted by an Assistant Controller is not clear. It is submitted that since Parliament has conferred powers and responsibilities on Assistant Controllers to investigate copyright offences and execute warrants, they should be permitted to use the powers associated with the police when performing that function.

It is an offence under section 48(a) and (b) for anyone to obstruct an enforcement officer in the course of an entry, search and seizure. Section 48(c) makes it an offence for anyone to refuse to give information to an enforcement officer relating to an offence. Section 48(d) and (e) concern the furnishing of false information. These offences are punishable under section 43.

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<sup>97</sup> [1955] AC 197.

<sup>98</sup> Supra n 23.

#### 2.2.4 Entry, Search and Seizure without a Warrant

As discussed above, the normal procedure for entry, search and seizure in relation to copyright offences is by way of a warrant issued under section 44(1) of the Copyright Act 1987. The proviso to section 44(1) envisages a situation where entry, search and seizure have to be conducted without a search warrant. This is when the enforcement officer has reasonable grounds for believing that by reason of delay in obtaining a search warrant, the items liable to be searched or seized may be removed or destroyed. This provision reflects the importance of ensuring that vital articles be not removed or obliterated thereby impeding investigation into the offence.

The proviso to section 44(1) was absent from the Copyright Act 1969 which therefore meant that the police at that time did not have any power of search without warrant. Thus, in Public Prosecutor v Then Mee Kom<sup>99</sup> which arose under the Copyright Act 1969, the raiding of the premises of the accused and seizure of video tapes without any search warrant was held to be illegal. Unlike an application for a search warrant which requires the lower standard of reasonable cause for suspecting the commission of an offence, entry without warrant can only be effected where the higher standard of reasonable grounds for believing the removal or destruction of the items is met. This higher standard is imposed in the latter case because the information is usually not given under oath and its veracity is tested only by the enforcement officer. In the



former case, the Magistrate acting as an independent judicial officer can check on the need for the search and satisfy himself on the accuracy of the information. Clearly, an advantage of entry, search and seizure without warrant is the element of speed and surprise thus preventing the removal or destruction of evidence.<sup>1</sup>

### 2.2.5 Prosecution

Section 53 of the Copyright Act 1987 provides that any criminal prosecution before the Sessions Court for an offence under the Act may be conducted by an Assistant Controller or a police officer not below the rank of Inspector. This section repeats substantially the essence of section 15A of the Copyright Act 1969. Three points with regard to the difference in wording of section 15A of the Copyright Act 1969 and section 52 of the Copyright Act 1987 are noteworthy. First, the court of a Magistrate of the First Class in Sabah and Sarawak mentioned in section 15A is referred to as a Sessions Court with effect from 1st January 1981.<sup>2</sup> Secondly, as offences under section 41 of the Copyright Act 1987 are seizable, prosecutions can only be conducted by, inter alia, a police officer not below the rank of an Inspector pursuant to section 377 of the Criminal Procedure Code but not by an Assistant Controller unless

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<sup>1</sup> It is to be noted that under the Criminal Procedure Code, a search may be conducted without warrant only in three situations. First, under sections 62 and 63 in the case of stolen goods. Secondly, under sections 62A and 62B in the case of coinage offences. Thirdly, under section 116 which is exercisable only if a summons to produce documents or things issued under section 51 is not complied with.

<sup>2</sup> See Subordinate Courts Act (Extension) Order 1980 and section 111 of the Subordinate Courts Act 1948.

authorised by any written law.<sup>3</sup> Therefore, special provisions were made in the Copyright Act 1987 to enable Assistant Controllers to conduct prosecutions as well. Thirdly, section 64 of the Subordinate Courts Act 1948 was amended in 1978 to empower the Sessions Court to pass any sentence allowed by law other than the sentence of death.<sup>4</sup> Therefore, unlike section 15A of the Copyright Act 1969, it became unnecessary for the Copyright Act 1987 to explicitly state that the Sessions Court had jurisdiction to award the full punishment for any offence under the Act.

While it is clear that criminal prosecution for copyright offence can be brought before the Sessions Court by an Assistant Controller and police officer not below the rank of Inspector,<sup>5</sup> the Act is silent as to whether prosecution can also be brought before a Magistrate. If prosecution before a Magistrate is possible, the question arises as to whether such a prosecution can be conducted by an Assistant Controller. Section 53 is clearly not an ouster of the Magistrate Court's jurisdiction and the series of reported copyright cases on appeal from the Magistrate's decision confirms the existence of the Magistrate's jurisdiction.<sup>6</sup> Further, if the Assistant Controllers are empowered to conduct

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<sup>3</sup> See Criminal Procedure Code, section 380.

<sup>4</sup> By Subordinate Courts (Amendment) Act 1978, section 3.

<sup>5</sup> Copyright Act 1987, section 53.

<sup>6</sup> Cases under the Copyright Act 1969 which were tried at first instance by the Magistrate included Chew Onn Yuen & Anor v Public Prosecutor, *supra* n 22; Public Prosecutor v K.M. Basheer Ahmad, *supra* n 20 and Public Prosecutor v Oh Teck Soon [1986] 1 MLJ 488.



prosecutions in the Sessions Court, it should be logically inferred that they also have authority to conduct prosecutions in the Magistrate's Court. This problem did not arise under the Copyright Act 1969 because enforcement then was solely by the police who had the power to prosecute copyright offences under section 377 of the Criminal Procedure Code.

With regard to non-seizable offences,<sup>7</sup> the Assistant Controllers have the authority to prosecute these offences pursuant to section 380(2)(b) of the Criminal Procedure Code.

Where prosecution is brought for a copyright offence, section 51(1)<sup>8</sup> of the Copyright Act 1987 provides that any statement, whether oral or in writing, made at any time by the accused to the enforcement officer or any other person shall be admissible at his trial in evidence. The section further provides that if the person prosecuted tenders himself as a witness, any such statement may be used in cross-examination and for the purpose of impeaching his credit. By a proviso to the sub-section, no such statement shall be admissible if made as a result of any inducement, threat or promise which causes the person prosecuted to suppose that he would gain advantage or avoid any evil of a temporal nature by making the statement. In addition, no statement made by the person after his arrest is admissible unless the person has been cautioned in the

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<sup>7</sup> These offences are found in sections 41(3), 47, 48 and 52 of the Copyright Act 1987.

<sup>8</sup> This section is a reproduction of section 113 of the Criminal Procedure Code.

words specified in section 51(1)(a)(ii). Such caution is not necessary if the statement was made prior to an arrest. If there is no time to administer a caution, the statement will not be rendered inadmissible in evidence if it has been administered as soon as possible. Section 51(2) reiterates the contents of the caution, that is, that a person accused of an offence shall not be bound to answer any question relating to the case after a caution has been administered to him as in sub-section (1).

### 2.2.6 Forfeiture of articles

Any item seized shall be liable to forfeiture.<sup>9</sup> Where prosecution is brought against an accused, the court at the conclusion of the trial may order destruction of those items. In the case of infringing copies, the court may also order the delivery up of those copies to the first owner of the copyright, his assignee or exclusive licensee.<sup>10</sup> Where there is no prosecution, the items shall be deemed to be forfeited at the expiration of one month from the date it was seized unless a claim thereto is made before that date.<sup>11</sup> Any claim shall be made by the claimant personally or his agent by giving a written notice to an Assistant Controller.<sup>12</sup> The Assistant Controller shall then refer the notice to the

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<sup>9</sup> Copyright Act 1987, section 54(1).

<sup>10</sup> See, too, Chapter 4 at 4.2.

<sup>11</sup> Section 54(3).

<sup>12</sup> Section 54(4).



Controller.<sup>13</sup> The Controller may then conduct an enquiry and direct that the items be released or forfeited or refer the matter to the court. If the matter is referred to the court, the court shall summon the claimant and the person from whom the items were seized to appear before it. The court shall then proceed to examine the claim. If it is proved that an offence has been committed and the items were infringing copies, the court shall order their forfeiture. In the absence of such proof, the court shall order the release of the items to the person entitled to it.<sup>14</sup> Where the items are forfeited under section 54(3), the same shall be delivered to the Controller who shall dispose of it as he thinks fit or deliver it to the copyright owner.<sup>15</sup>

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<sup>13</sup> Section 54(5).

<sup>14</sup> Section 54(6).

<sup>15</sup> Section 54(7).

## CHAPTER 3

### INTERLOCUTORY REMEDIES

A copyright owner who sues for infringement of his copyright will in most instances have, as his primary objective, the aim of putting an end to the infringing activities as soon as possible. Between the commencement of the proceedings and the outcome of the trial, which may be some years later, the copyright owner needs quick protection from the damaging effects which can be caused by the continuing acts of the infringer. Monetary compensation by way of damages rarely suffices because of the continuing injury caused if no restraint is put on the infringer. In the absence of any urgent relief in the period between commencement of proceedings and trial, the harm caused to the copyright owner may have detrimental consequences. In this regard, interlocutory remedies play a significant role in providing copyright owners with immediate protection.

The injunction has been said to be the most important remedy in copyright infringement proceedings.<sup>1</sup> An injunction is a judicial process whereby a party is required to do a particular thing or to refrain from doing a

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<sup>1</sup> Copinger and Skone James, Copyright, 13th Ed (London, Sweet & Maxwell, 1991) at para 320.



particular thing according to the exigency of the writ.<sup>2</sup> Various forms of injunctions are employed in proceedings for copyright infringement. Interlocutory injunctions are limited to last either until further judicial order or until the final hearing of the case.<sup>3</sup> Quia timet injunctions are granted against apprehended or threatened wrongs which have not been committed.<sup>4</sup> Final injunctions are granted after a final hearing and are directed towards settling the issues in dispute conclusively.<sup>5</sup>

The injunction, being a creature of equity, became part of our law when equity was received into this country. The English principles of equity were first introduced into the former Straits Settlements comprising Penang, Malacca and Singapore by the Second Royal Charter of Justice in 1826. Equitable principles were formally incorporated into the laws of the Federal Malay States comprising Pahang, Perak, Negri Sembilan and Selangor by the Civil Law Enactment in 1937. The Unfederated Malay States comprising Johore, Kedah, Kelantan, Perlis and Terengganu officially received equitable principles in 1951 when the Civil Law Enactment 1937 was extended to these states. At present, the basis for the application of equitable principles in this country is

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<sup>2</sup> Kerr WW, A Treatise on the Law and Practice of Injunctions, 6th Ed (London, Sweet & Maxwell, 1981) at 1.

<sup>3</sup> As to interlocutory injunctions, see infra at 3.1.

<sup>4</sup> The most common quia timet injunctions granted in copyright infringement proceedings are the Anton Piller order and the Mareva injunction. These are discussed in this chapter at 3.2 and 3.3 respectively.

<sup>5</sup> As to final injunctions, see Chapter 4 at 4.3.

section 3 of the Civil Law Act 1956 (revised 1972).<sup>6</sup> The High Court is empowered by the Specific Relief Act 1950 (revised 1974)<sup>7</sup> to issue perpetual and temporary injunctions.<sup>8</sup> In addition, paragraph 6 of the Schedule to the Courts of Judicature Act 1964 provides for the interim preservation of property which is the subject matter of any cause or matter by injunction. Also, the High Court which is vested with equitable jurisdiction, has the inherent power to make any order as may be necessary to prevent injustice or to prevent an abuse of the process of the court. Such jurisdiction is preserved by Order 92, rule 4 of the Rules of the High Court 1980. As the Subordinate Courts Act 1948 is silent on the grant of an injunction, it follows that subordinate courts do not have the jurisdiction to grant an injunction. Pursuant to section 29 of the Government Proceedings Act 1956, injunctions cannot be granted against the government.

The injunction as a remedy for copyright infringement is well-established and has been statutorily incorporated since our very early copyright

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<sup>6</sup> In West Malaysia, the rules of equity that are made applicable pursuant to section 3 of the Civil Law Act 1956 (revised 1972) are those rules as administered in England on 7.4.56. Sabah and Sarawak received the rules of equity as administered in England on 1.12.51 and 12.12.49 respectively.

<sup>7</sup> See Specific Relief Act 1950 (revised 1974), sections 50 to 55.

<sup>8</sup> In Nicholas & Ors v Gan Realty Sdn Bhd [1970] 2 MLJ 89, the Federal Court expressed the view that a temporary injunction under section 50 of the Specific Relief (Malay States) Ordinance 1950 (now Specific Relief Act 1950 (revised 1974)) had the same meaning as an interlocutory injunction.



legislation.<sup>9</sup> Currently, section 37(1) of the Copyright Act 1987 provides for the grant of an injunction as a statutory remedy in copyright infringement proceedings. But where the effect of the injunction would be to require a completed or partly built building to be demolished or to prevent the completion of a partly built building, an injunction would not be granted.<sup>10</sup>

As the injunction is an equitable remedy, it is granted at the discretion of the court. Such discretion extends to deciding which part or parts of a work are to be affected by the injunction depending on the extent in which the infringement is mixed with the copyright work. If an injunction is granted, a deliberate refusal to obey the order is a contempt of court because an injunction is an order in personam.

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<sup>9</sup> Instances of such statutory provisions include section 6 of the UK Copyright Act 1911 which was in force in Penang and Malacca, section 8(i) of the Copyright Enactment Cap 73 which was in force in Selangor, Perak, Pahang and Negri Sembilan and section 17(1) of the UK Copyright Act 1956 which was in force in Sabah and Sarawak. These statutes were repealed by the Copyright Act 1969 which was itself repealed by the Copyright Act 1987.

<sup>10</sup> Copyright Act 1987, section 37(3). A similar provision was present in section 17(4) of the now repealed UK Copyright Act 1956. However, this provision was not included in the UK Copyright, Designs and Patents Act 1988 as the Government felt that the courts could be relied upon to exercise their discretion in this matter. See Hart M, 'Infringement and Remedies Under the Copyright, Designs and Patents Act 1988' [1989] EIPR 13. Note, however, the Australian Copyright Act 1968 does not contain any restriction on the court's power to grant an injunction.

An injunction is available at the option of the copyright owner. If an exclusive licensee<sup>11</sup> seeks a final injunction, he must join the copyright owner as a party to the action.<sup>12</sup> However, the exclusive licensee may obtain an interlocutory injunction without having to join the copyright owner as a party to the action.<sup>13</sup> A non-exclusive licensee can sue in his own name if he joins the copyright owner as a party to the action.<sup>14</sup> An equitable assignee<sup>15</sup> may commence proceedings for an interlocutory injunction but cannot obtain a final injunction without joining the legal owners of the copyright as parties to the action at some stage of the proceedings.<sup>16</sup> Alternatively, the equitable assignee can compel the assignor to complete the transfer of title by executing a proper

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<sup>11</sup> Pursuant to section 38(9) of the Copyright Act 1987 an exclusive licensee is a person who has been given the authority, to the exclusion of all other persons, to exercise a right which would be exercisable exclusively by the owner of the copyright.

<sup>12</sup> Copyright Act 1987, section 38(3). This is because a licence does not pass any proprietary interest. The locus standi of a licensee to commence action by joining the owner is provided by section 38(2) which deems the exclusive licensee as having the same rights of action under an infringement proceedings as if the licence is an assignment.

<sup>13</sup> Section 38(3).

<sup>14</sup> Television Broadcasts & Ors v Seremban Video Centre Sdn Bhd [1985] 1 MLJ 171, Television Broadcasts Ltd & Ors v Mandarin Video Holdings Sdn Bhd [1983] 2 MLJ 346.

<sup>15</sup> An equitable assignee may derive his interest through an oral assignment or through an assignment where the formalities required by law have not been complied with or through a trust.

<sup>16</sup> Performing Right Society Ltd v London Theatre of Varieties Ltd [1924] AC 1, Wah Sang Industrial Co v Takmay Industrial Co Ltd [1980] FSR 303.



written assignment before commencing proceedings for copyright infringement.<sup>17</sup>

This chapter discusses the principles governing the grant of the interlocutory injunction, the Anton Piller order and the Mareva injunction which are the main interlocutory remedies in copyright infringement proceedings. It finally discusses a preliminary procedure available to copyright owners under section 39 of the Copyright Act 1987 to prevent the importation of infringing copies.

### 3.1 Interlocutory Injunctions

As stated at the beginning of this chapter, it is of paramount importance to the copyright owner that the infringing activities be put to an immediate stop. Any delay may be so detrimental to the copyright owner because the damaging effects of the infringing acts may drive the copyright owner out of business. Also, pending any decision by the court, the infringer can continue with his infringing activities with impunity. By the time of the trial, many circumstances may have changed. The market's demand for a particular work especially musical works, films and sound recordings may have diminished drastically and irreversibly because the popularity of these works usually endures for only a few months. Where computer programs are concerned, developments in technology may quickly supersede the novelty of these programs. The inferior quality of the

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<sup>17</sup> An equitable assignee may seek an order for specific performance requiring the assignor to perform his obligations under the original contract.

infringing copies may be mistaken by the public to be equivalent to the nature and quality of the original work and this may destroy the demand for the work completely. The copyright owner is particularly vulnerable where the infringement occurs at an early stage in the marketing of his work.

The interlocutory injunction restrains the infringer from infringing or continuing to infringe the copyright. Its object is to maintain the status quo between the parties as existing during the period immediately prior to the application for interlocutory injunction and the hearing of the cause upon the merits.<sup>18</sup> The court grants an interlocutory injunction not as a means of enforcing and establishing the parties' rights but as a temporary protection of the copyright owner against losses caused by the continuing infringing activities.<sup>19</sup> The interlocutory injunction ensures that any final judgment obtained will not be rendered ineffectual.

An application for an interlocutory injunction can be made at any time before or after the trial regardless of whether the copyright owner had sought a permanent injunction in his claim.<sup>20</sup> Although the interlocutory injunction is normally granted inter partes, the court can grant an ex parte

<sup>18</sup> American Cyanamid Co v Ethicon Ltd [1975] AC 396.

<sup>19</sup> Ibid.

<sup>20</sup> Rules of the High Court 1980, Order 29 rule 1(1).



interlocutory injunction in urgent cases.<sup>21</sup> However, this is only applicable where the applicant is the plaintiff.<sup>22</sup>

Since the interlocutory injunction is primarily a pre-trial remedy, the court, at the hearing of the application for an interlocutory injunction, is not concerned with deciding conflicting questions of fact or difficult questions of law which call for detailed arguments. At this stage, the court has available before it only affidavit evidence,<sup>23</sup> or sometimes no evidence at all especially in an urgent case where the application is made *ex parte*. In addition, much of the affidavit evidence of the parties are likely to be in conflict. Neither will there be available to the court the full pre-trial process of discovery and inspection of documents at this stage. With whatever evidence available to it, the court will decide whether to exercise its discretion to grant or to refuse the interlocutory injunction. To ensure that such discretion is not exercised arbitrarily, the House of Lords in American Cyanamid Co v Ethicon Ltd<sup>24</sup> laid down the principles to be applied by the courts in exercising their discretion.<sup>25</sup>

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<sup>21</sup> Rules of the High Court 1980, Order 29 rule 1(2).

<sup>22</sup> Prior to August 1991, Singapore had the same provision as ours but the Singapore provision was later amended to allow a plaintiff or a defendant in an urgent case to apply for an *ex parte* interlocutory injunction. See the Singapore Rules of the Supreme Court (Amendment No 2) Rules 1991, rule 16.

<sup>23</sup> Pursuant to Order 38 rule 2 of the Rules of the High Court 1980, the court has a discretion whether or not to allow cross-examination of the deponent of the affidavit.

<sup>24</sup> Supra n 18.

<sup>25</sup> See infra at 3.1.1.

The Cyanamid<sup>26</sup> principles were first applied in Malaysia in the libel case of Datuk Syed Kechik bin Syed Mohamed v Datuk Yeh Pao Tzu & Ors.<sup>27</sup> In that case, Yusoff J took the view that the prima facie test which required an applicant to show a prima facie case that he would succeed on the merits at trial had been superseded by the Cyanamid<sup>28</sup> principles. Since then, these principles have been applied unhesitatingly in decisions pertaining to applications for interlocutory injunctions in a wide variety of cases.<sup>29</sup> The Supreme Court, in the recent case of Perwira Habib Bank Malaysia Bhd v Hong Huat Holdings Sdn Bhd & Ors<sup>30</sup> made it clear that the discretion of the courts to grant or refuse an interlocutory injunction must be based on established principles as enunciated in the Cyanamid<sup>31</sup> case "which has been consistently applied by the courts in this country".<sup>32</sup>

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<sup>26</sup> Supra n 18.

<sup>27</sup> [1977] 1 MLJ 56.

<sup>28</sup> Supra n 18.

<sup>29</sup> For example, in cases involving passing off (Baskin Robbins International Co & Anor v Avonday Sdn Bhd [1992] 2 CLJ 1198), shares (Hong Kong Vegetable Oil Co Ltd v Malin Sirinaga Wick & Ors [1978] 2 MLJ 13), tenancy (Mohamed Zainuddin b Puteh v Yap Chee Seng [1978] 1 MLJ 40) and industrial disputes (Sivaperuman v Heah Seok Yeong Realty Sdn Bhd [1979] 1 MLJ 150).

<sup>30</sup> [1992] 3 CLJ 1525.

<sup>31</sup> Supra n 18.

<sup>32</sup> Supra n 30 at 1530.



### 3.1.1 Principles Governing the Grant of an Interlocutory Injunction

Prior to the House of Lords decision in the Cyanamid<sup>33</sup> case, the applicant for an interlocutory injunction had to demonstrate that he had a prima facie case. He had to show that his copyright existed and that it had been infringed.<sup>34</sup> Once this hurdle had been surmounted, the applicant had to demonstrate irreparable damage that would not be compensated if he succeeded at trial, that is, the money obtained at trial may not compensate him.<sup>35</sup> Finally, the applicant had to show that the balance of convenience favoured the grant of an injunction.

The requirement for a prima facie case had been variously interpreted to mean, inter alia, "that there is a substantial question to be decided",<sup>36</sup> "that there is a probability of success",<sup>37</sup> "that there is a sufficient likelihood of success"<sup>38</sup> and "that there is a fair chance of success"<sup>39</sup>. In addition to the confusion caused by this diversity of interpretation, a practice evolved among judges to exhaustively analyse the legal issues involved in order

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<sup>33</sup> Supra n 18.

<sup>34</sup> JT Stratford & Son Ltd v Lindley [1965] AC 269.

<sup>35</sup> Hoffman-La Roche (F) & Co AG v Secretary of State for Trade and Industry [1975] AC 295.

<sup>36</sup> Great Western Railway Co v Birmingham and Oxford Junction Railway Co 17 LJ Ch 245, 41 ER 1074, Nicholas & Ors v Gan Realty Sdn Bhd supra n 8, Holiday Inns Inc v Hotel Enterprises Ltd [1976] 1 MLJ 213.

<sup>37</sup> Norman v Mitchell 5 De GM & G 673; 43 ER 1022.

<sup>38</sup> Beecham Group Ltd v Bristol Laboratories Pty Ltd (1968) 118 CLR 618.

<sup>39</sup> Parish v World Series Cricket Pty Ltd (1977) 16 ALR 172.

to determine whether the applicant had sufficiently established his case. In reality, the interlocutory proceedings became a preliminary trial used by the parties to obtain an indication of the court's view on the merits. The desirability of such preliminary "mini-trials" was questioned, particularly, in view of the fact that they detracted from the actual purpose of an interlocutory injunction which is to preserve the status quo until the true legal position can be ascertained at trial.

The following principles were laid down by Lord Diplock who, at the same time, made it clear that they were in no way special to actions for infringement. In 1975, the House of Lords in the Cyanamid<sup>40</sup> case sought to rectify the situation by formulating new principles upon which the courts should exercise their discretion to grant or refuse interlocutory injunctions. In that case, the plaintiff claimed that it owned a patent on certain surgical sutures in the United States and the United Kingdom, and had marketed its products in the United Kingdom. It sought an interlocutory injunction against the defendants to restrain infringement of the patent. The defendants had not yet commenced manufacture of the sutures in the United Kingdom. Graham J, at first instance, and the Court of Appeal approached the case by inquiring as to whether, on the whole of the affidavit evidence before the court, a prima facie case of infringement had been made out. For a prima facie case to be established, the court had to be satisfied that the plaintiff had shown that it was more likely than not that it would succeed at the trial. Since the plaintiff had not established a prima facie case, the Court of Appeal refused to grant an interlocutory injunction.



On appeal, Lord Diplock, with whom Lords Cross, Salmon and Edmund Davies and Viscount Dilhorne concurred, held that the "prima facie case" approach was wrong because it fettered the discretion of the court and limited its flexibility in granting an injunction. The appeal was therefore allowed and the interlocutory injunction granted.

The following principles were laid down by Lord Diplock who, at the same time, made it clear that they were in no way special to actions for infringement of patents but had a universal application. First, the court must determine whether there was a serious question to be tried. Secondly, if the court was satisfied that there was a serious question to be tried, it should consider whether the balance of convenience lay in favour of granting or refusing to grant the interlocutory injunction. In assessing the balance of convenience, the most important question to be considered was the adequacy of damages as a remedy. On this, the following guidelines should be applied:

- (a) If an interlocutory injunction is refused but the plaintiff subsequently succeeds at the trial in establishing his right to a permanent injunction, would he be adequately compensated by an award of damages for the loss he would have sustained as a result of the continuing acts of the defendant? If damages in the measure recoverable at common law would be an adequate remedy and the defendant would be in a financial position to pay them, the

court would normally refuse to grant an interlocutory injunction, however strong the plaintiff's claim appeared to be.

- (b) If damages would not provide an adequate remedy for the plaintiff, the court then goes on to consider whether the defendant, if he were to succeed at the trial, would be adequately compensated under the plaintiff's undertaking as to damages for the loss which the defendant would have sustained before trial by being prevented from doing the acts sought to be restrained. If damages in the measure recoverable under the undertaking would be an adequate remedy and the plaintiff would be in a financial position to pay them, there would be no reason to refuse an interlocutory injunction.

- (c) If there is doubt as to the adequacy of damages available to either party, the court must consider all the other factors affecting the balance of convenience. These factors are many, depending on the circumstances of each particular case and no attempt should be made to list them, but:

- (i) the extent to which each party will suffer uncompensatable disadvantages is always a



significant factor in assessing where the balance of convenience lies,

- (ii) where the factors are evenly balanced, the court should make such order as is necessary to preserve the status quo,
- (iii) where the uncompensatable damages appear evenly balanced, and on undisputed facts one party's case is disproportionately strong to that of the other, "it may not be improper" to consider the relative strength of each party's case as disclosed by the affidavits.

Lord Diplock also emphasised that there may be other special factors to be taken into account in individual cases. This therefore preserves the discretionary nature of the remedy. In that case, the House of Lords held that there was clearly a serious question to be tried and that the balance of convenience favoured the plaintiff for the following reasons. Without an interlocutory injunction, the plaintiff would be deprived of the opportunity of getting the product established on the market in the absence of competition. The defendants were not yet on the market themselves. If the defendant's product was allowed on the market, the plaintiff might be unable to enforce a permanent injunction because of the damaging effects on the plaintiff's goodwill, forcing doctors to abandon a product they had found useful. Since the defendant had no business going which an interlocutory injunction would put a stop to, no factories would be closed and no jobs would be affected.

There are three important factors identified by Professor W.R. Cornish<sup>41</sup> which need to be taken into account in considering the balance of convenience. First, regard must be had to the degree to which the plaintiff and defendant are successfully established in business. Where the defendant's business has not begun, but the plaintiff is already on the market, the balance may lie in the plaintiff's favour.<sup>42</sup> If both plaintiff and defendant are already in the market and the plaintiff is struggling to establish himself, the special danger posed by the defendant may tip the balance in the plaintiff's favour. But if the plaintiff is already well-established and the defendant is unlikely to offer major competition in the interim, injunction may not be granted.<sup>43</sup> Secondly, if either party appears to lack the financial ability or backing to meet any ultimate liability in damages this may operate against him.<sup>44</sup> Thirdly, unnecessary delay on the plaintiff's part will weigh against him, at least if the defendant has materially altered his position in consequence.<sup>45</sup>

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<sup>41</sup> Cornish WR, Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights, 2nd Ed (London, Sweet & Maxwell, 1989) at 40.

<sup>42</sup> Belfast Ropework Co Ltd v Pixdane Ltd [1976] FSR 337.

<sup>43</sup> Catnic Components Ltd v Stressline Ltd [1976] FSR 157.

<sup>44</sup> Standex International Ltd v Blades & Blades Ltd [1976] FSR 114.

<sup>45</sup> Sirdar Ltd v Les Fils de Louis Mulliez [1975] FSR 309, Radley Gowns Ltd v Costas Spyrou [1975] FSR 455, The Great American Success Co Ltd v Kattaineh [1976] FSR 554.



There was initial opposition to the application of the Cyanamid<sup>46</sup> principles, particularly, by Lord Denning MR in the Court of Appeal but this met with little success. In Fellowes & Son v Fisher,<sup>47</sup> which was a case involving a restrictive covenant forbidding an employee to compete in a specified area, Lord Denning MR refused to follow the Cyanamid<sup>48</sup> principles in his dissenting judgment. Instead, his Lordship held that no prima facie case had been established and therefore refused the injunction. The other members of the Court of Appeal, however, felt compelled to abide by the Cyanamid<sup>49</sup> principles. The "prima facie case" test was once again applied by Lord Denning MR in Hubbard v Pitt<sup>50</sup> which was a case on picketing by members of a certain locality but did not receive the support of the Court of Appeal.<sup>51</sup>

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<sup>46</sup> Supra n 18.

<sup>47</sup> [1976] 1 QB 122.

<sup>48</sup> Supra n 18.

<sup>49</sup> Ibid.

<sup>50</sup> [1976] 1 QB 142.

<sup>51</sup> The Australian courts have also not followed the Cyanamid principles but have continued to rely on their High Court decision in Beecham Group Ltd v Bristol Laboratories Pty Ltd supra n 38. The approach in Beecham's case is markedly similar to that of the "prima facie case" test. See, for instance, Firth Industries Ltd v Polyglas Engineering Pty Ltd (1975) 49 ALJR 263 and Winthrop Investments Ltd v Winns Ltd [1975] 2 NSWLR 666. Recently, the High Court of Australia, has begun to move away from the Beecham approach and to follow the Cyanamid principles. See Castlemaine Toohey Ltd v The State of South Australia (1986) 161 CLR 148, A v Hayden (No 1) (1984) 56 ALR 73, Tableland Peanuts Pty Ltd v Peanut Marketing Board (1984) 52 ALR 651 and Australian Coarse Grain Pool Pty Ltd v Barley Marketing Board of Queensland (1983) 46 ALR 398. In Singapore, the Court of Appeal in Federal Computer Services v Ang Jee Hai, Eric [1991] 3 MLJ 341 made it clear that the Cyanamid principles are to be followed in copyright infringement cases.



deciding whether In the case of Kwik Lok Corporation v W.B.W. Engineers Ltd<sup>52</sup>, which came before the Court of Appeal very shortly after the Cyanamid<sup>53</sup> decision was delivered, Russell LJ and Stamp LJ readily applied the Cyanamid<sup>54</sup> principles. In fact, Russell LJ began his judgment by stating that the House of Lords had "authoritatively (and mercifully with one voice) laid down the correct approach"<sup>55</sup> to be adopted when faced with an application for interlocutory injunction restraining infringement of copyright. In that case, the plaintiffs had sued the defendant for infringement of copyright in drawings relating to mechanical parts for an automatic strip closure machine for bags. The plaintiffs alleged reproduction of these drawings by the defendant in the form of corresponding parts in their own automatic strip closure bagging machines. At the Court of Appeal stage, the parties conceded the existence of a serious question to be tried. The court then had to consider the adequacy of damages. In this regard, it was argued by the plaintiffs that where a purchaser would in all probability have bought one of the plaintiffs' machines but for the competition posed by the defendant, the plaintiffs would be harmed by being deprived of an outlet for future sales of their product. On this point, the court agreed that damages might not be a wholly adequate remedy. The court then proceeded to the next consideration as laid down by the Cyanamid<sup>56</sup> case which was that of

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<sup>52</sup> [1975] FSR 237.

<sup>53</sup> Supra n 18.

<sup>54</sup> Ibid.

<sup>55</sup> Kwik Lok Corporation v W.B.W. Engineers Ltd, supra n 52 at 242.

<sup>56</sup> Supra n 18.



deciding whether the defendant would be adequately protected by the cross-undertakings in damages. The court held that the defendant would not be adequately protected against possible injustice by the cross-undertakings because it would be extremely difficult for the defendant to establish what sales it would have made of its machines but for the injunction. Finally, the court proceeded to the question of preservation of the status quo. The defendant was in the market in a small way, as compared to the plaintiffs who were in the market in a considerably more substantial way. Evidence was given that the infringement had not affected the substantiality of the plaintiffs' market. As the parties' status quo would not be affected, the interlocutory injunction was refused.

Almost two decades later, the Cyanamid<sup>57</sup> principles are still applied by the English courts. Thus, in the recent Court of Appeal decision in Entec (Pollution Control) Ltd v Abacus Mouldings,<sup>58</sup> the plaintiff sought an interlocutory injunction against the defendants to restrain them from infringing its copyright in respect of the plaintiff's septic tanks and cesspools. The Court of Appeal, in discharging the interlocutory injunction granted by the judge at first instance, quoted and applied the principles laid down by Lord Diplock in the Cyanamid<sup>59</sup> case. It is therefore clear that the Cyanamid<sup>60</sup> case represents the English position on interlocutory injunctions in infringement of copyright cases.

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<sup>57</sup> Ibid.

<sup>58</sup> [1992] FSR 332.

<sup>59</sup> Supra n 18.

<sup>60</sup> Ibid.

### 3.1.2 Interlocutory Injunctions in Malaysian Copyright Cases

The principles laid down in the Cyanamid<sup>61</sup> case have been applied by our courts in copyright infringement proceedings. In Asia Television Ltd & Anor v Viwa Video Sdn Bhd,<sup>62</sup> the plaintiffs, who contended that they were the owners of the copyright in respect of the cinematograph film<sup>63</sup> contained in the video tape, alleged that the defendants had infringed their copyright. The plaintiffs further deposed that the infringing acts were damaging their business and it was therefore necessary that the defendants be restrained from continuing with their infringing acts. Ajaib Singh J (as he then was) at first instance held that there was sufficient evidence to show that the plaintiffs were likely to suffer serious and irreparable damage to their business unless an interlocutory injunction was granted. His Lordship therefore granted an ex parte interlocutory injunction. However, on subsequent application by the defendants, the ex parte interlocutory injunction was set aside because of failure by the plaintiffs to comply with the Film (Censorship) Act 1952.<sup>64</sup> Although there was

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<sup>61</sup> Ibid.

<sup>62</sup> [1984] 2 MLJ 304 (Federal Court). The decision at first instance is reported in [1983] 2 MLJ 409.

<sup>63</sup> Pursuant to section 4(1) of the Copyright Act 1969, cinematograph films is a category of work eligible for copyright.

<sup>64</sup> The plaintiffs' appeal to the Federal Court was allowed and the ex parte interlocutory injunction restored but the appeal was confined solely to the effect of the plaintiffs' failure to comply with the Film (Censorship) Act 1952.



no direct reference to the Cyanamid<sup>65</sup> case in the judgment, his Lordship's decision proceeded along the lines of the Cyanamid<sup>66</sup> principles.

Similarly, in Television Broadcasts & Ors v Seremban Video Centre Sdn Bhd<sup>67</sup>, the plaintiffs had obtained an interlocutory injunction restraining the defendant from committing various acts of infringement of copyright in respect of cinematograph films. The defendant then applied to set aside the interlocutory injunction on four grounds. First, it was contended that the damage was not irreparable and the injunction ought to be set aside. Secondly, the defendant challenged the authority of the general manager of the third plaintiff to swear the affidavit. Thirdly, the defendant contended that the first and second plaintiffs, being foreign companies, could not acquire any copyright in Malaysia. Lastly, the defendant challenged the locus standi of the third plaintiff to sue in his own name. In dismissing all the four objections raised, Peh Swee Chin J (as he then was) held that the onus was upon the applicant for an interlocutory injunction to establish that damages would not be an adequate remedy. According to his Lordship, one of the ways of establishing this was to prove that the injury sought to be prevented was irreparable. On the facts, his Lordship was of the view that the proliferation of the cinematographic films in the form of video cassettes and the continuing process involved in such proliferation established that the damage was irreparable. The

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<sup>65</sup> Supra n 18.

<sup>66</sup> Ibid. n 18.

<sup>67</sup> Supra n 14.

second objection taken by the defendant was dismissed as being a highly technical one. As regards the third contention, his Lordship was of the view that section 6 read together with section 20 of the Copyright Act 1969 enabled a foreigner to acquire copyright in Malaysia. In relation to the final contention, his Lordship held that the third plaintiff had locus standi to sue since he had joined the copyright proprietor as the other plaintiffs. According to the court, since the instant application was for an interlocutory injunction, it was not necessary for the plaintiffs to conclusively prove a clear title. Again, there was no reference made to the Cyanamid<sup>68</sup> case in the judgment but the principles applied by Peh Swee Chin J (as he then was) in ordering that the interlocutory injunction granted earlier be continued resembled the Cyanamid<sup>69</sup> principles.

### 3.2 Anton Piller Orders

A copyright owner who decides to institute proceedings for infringement of copyright must be certain that he has or is able to secure the requisite evidence to support his case at the trial on a balance of probabilities. The Rules of the High Court 1980 provide several ways in which evidence may be secured. First, discovery and inspection of documents are made possible under Order 24 of the Rules of the High Court 1980 which provides for automatic discovery between the parties within fourteen days after the close of pleadings in an action begun

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<sup>68</sup> Supra n 18.

<sup>69</sup> Ibid.



by writ or for discovery pursuant to an order of the court in other cases.<sup>70</sup> Inspection of documents and the making of copies of them are thereafter carried out at a specified time and place.<sup>71</sup> Secondly, discovery of facts by means of interrogatories addressed to the other party is possible by way of an application to court pursuant to Order 26. Thirdly, any party may apply for an order for the detention, custody, preservation or inspection of any property which is the subject matter of the action under Order 29 rule 2. In granting the order, the court may also order entry upon any immovable property by virtue of Order 29 rule 2(2).

However, restraints exist in the rules discussed above. One such restraint is that inspection is only possible in pending proceedings. The existence of the writ itself may cause the defendant to take evasive actions and destroy any evidence which may suggest his involvement in the infringement. Also, discovery is normally allowed only after the close of pleadings or after notice has been given to the other party.<sup>72</sup> The time that elapses between issuance of the writ and discovery affords the defendant the opportunity to dispose of or conceal any incriminating evidence thereby frustrating the plaintiff's attempt to obtain evidence. Furthermore, the party against whom discovery is made is permitted to state in his affidavit whether or not a certain document is in his

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<sup>70</sup> Pursuant to Order 5 of the Rules of the High Court 1980, the other modes of commencing a civil action are originating summons, originating motion and petition.

<sup>71</sup> Order 24 rule 9.

<sup>72</sup> Order 24.

possession.<sup>73</sup> He may falsely testify that the document is not in his possession. In addition, whether a particular document is sufficiently relevant to be incorporated in the list of documents to be served on the other party depends on the judgment of the party who swears the affidavit verifying the list of documents.<sup>74</sup> The party who gives the discovery is therefore able, to some extent, to control the extent of the discovery.

Where copyright infringement is concerned, evidence such as audio and video recordings, master tapes, computer software, electronic calculators and documents are easily destroyed or concealed. The absence of these evidence may leave the plaintiff with insufficient evidence to succeed or to calculate the extent of his losses. Very often, infringers work in an organised network with the individual retailers at the bottom. Once a retailer is served with a writ, usually after a trap-purchase, he may quickly dispose off the infringing items to another trader and declare that the infringing materials discovered by the plaintiff were the only ones he had. The plaintiff is therefore left with nominal damages relating only to the number of infringing items proved by the trap-purchase to have been sold by the retailer. In addition, news of legal proceedings against a retailer quickly get to the supplier who may disappear at much the same speed thereby frustrating the copyright owner's effort to cut off the ultimate source of the infringing goods.

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<sup>73</sup> See, for instance, Myers v Elman [1940] AC 282, Rockwell Machine Tool Co Ltd v EP Barrus (Concessionaires) Ltd [1968] 1 WLR 693.

<sup>74</sup> See, for instance, O'Rourke v Darbishire [1920] AC 581, Vickers plc v Horsell Graphic Industries Ltd [1988] RPC 421.



Clearly, the existing discovery procedures are not suited to counteract such a vexing situation. This is not surprising in view of the fact that the English court rules,<sup>75</sup> on which our court rules are based, were promulgated at a time when new inventions such as audio and video recorders, computer hardware and software, photocopiers and reprographic machines which made reproduction on a grand scale so simple, had not yet come into being. Neither was it conceivable at the time when the copyright laws were first drafted that technology would advance to such a level as to facilitate the ease and frequency of copyright infringements. As the pace of technology continued to accelerate in the 1970s, it came to be recognised that some measures must be designed to meet the needs of the copyright owners to obtain essential information and seize assets in cases where the defendant would be likely to destroy them as soon as he discovers that legal proceedings have been commenced against him.

In response to technological advances, the English Chancery Division in EMI Ltd v Pandit<sup>76</sup> designed a new remedy by the exercise of its equitable inherent jurisdiction to make orders allowing swift pre-action discovery and preservation of property. In that case, the plaintiff sued the defendant for

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<sup>75</sup> The Rules of the High Court 1980 are adopted from the English Rules of the Supreme Court 1965 which themselves are the English Rules of the Supreme Court 1883 revised in 1962 and 1965.

<sup>76</sup> [1975] 1 All ER 418. This is the first reported case in which the court went outside the English Rules of the Supreme Court 1965. In that case, Templeman J (as he then was) referred to three unreported cases decided earlier in the same year in which the remedy sought had been granted. These were A & M Records Inc v Aram Darakdjian (unreported) and EMI Ltd v Khazan (unreported) both decided by Foster J and Pall Europe Ltd v Micro Filtrex Ltd (unreported) decided by Goff J.

infringing its copyright in certain sound recordings of Indian music. The plaintiff applied for and obtained an interlocutory injunction against the defendant restraining him from further dealing with the infringing items and requiring him to disclose the names and addresses of all persons from whom he had bought and to whom he had sold infringing items. In purported compliance with the order the defendant swore an affidavit which disclosed only one name and one document. The plaintiff adduced evidence that the defendant's affidavit was false and therefore applied for an order to enter the defendant's premises to inspect and photograph tapes, other infringing material and documents relevant to the action. The plaintiff also applied for an order to remove infringing articles from the defendant's premises and to test the defendant's typewriter to obtain evidence to prove forgery against the defendant. Notice of the application was not served on the defendant as required by the court rules because the plaintiff feared that the defendant would abscond with all the incriminating evidence. Templeman J (as he then was) held that the instant case was an exceptional and urgent one in which the court could dispense with notice by virtue of either its power under the rules or by the exercise of its inherent jurisdiction. His Lordship therefore granted an ex parte order to prevent the plaintiff being deprived of the fruit of his litigation. The court was, however, careful to stress that the order granted did not authorise forcible entry but was a mandatory injunction ordering the defendant to permit the entry of specified persons on his premises for specific purposes with the consequence that non-compliance could be punished as contempt of court. The order was framed in this manner because forcible entry



is a criminal offence and common law prohibits the granting of a private search warrant.<sup>77</sup>

The practice of granting ex parte orders for inspection was approved by the Court of Appeal in Anton Piller KG v Manufacturing Processes Ltd<sup>78</sup> and confirmed by the House of Lords in Rank Film Distributors Ltd v Video Information Centre.<sup>79</sup> In fact, the court in Anton Piller KG<sup>80</sup> went a step further by affirming the availability of such an order before the issue of a summons in order to obtain evidence vital to establish a cause of action. In Anton Piller KG,<sup>81</sup> the plaintiffs who were German manufacturers of frequency converters for computers alleged that their United Kingdom agents were disclosing confidential information about the plaintiffs' trade to other German manufacturers. The plaintiffs were fearful that the defendants would dispose of the infringing material if they were forewarned of any proceedings. To avoid that result, the plaintiffs made an ex parte application for an interlocutory injunction to restrain the defendants from infringing their copyright and disclosing confidential information. The plaintiffs also applied for an order for permission to enter the defendants' premises to inspect all such documents and to remove them into the plaintiffs' solicitors custody. Brightman J at first

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<sup>77</sup> Entick v Carrington (1765) 2 Wils KB 275; 95 ER 807.

<sup>78</sup> [1976] Ch 55. The Anton Piller order owes its name to this case.

<sup>79</sup> [1982] AC 380.

<sup>80</sup> Supra n 78.

<sup>81</sup> Ibid.

instance granted the interlocutory injunction on the plaintiffs' undertaking to issue a writ forthwith but refused to order inspection or removal of documents for fear that the order would become an instrument of oppression. On appeal, the Court of Appeal unanimously reversed this decision and made the order sought. The Court of Appeal confirmed that it had an inherent jurisdiction to grant the type of *ex parte* order which the plaintiffs requested. According to Lord Denning MR, such order should only be granted where it was essential that the plaintiffs should have inspection so that justice could be done between the parties and where, if the defendants were forewarned, vital evidence would be destroyed. His Lordship took pains to clarify that the order granted was not a search warrant and did not authorise the plaintiffs to enter the defendants' premises against their will. The order merely authorised entry and inspection by the permission of the defendants. Any failure to obey the order would render the defendants liable for contempt proceedings and would afford a ground for drawing adverse inferences against the defendants at the trial. The court also emphasised that such an order would only be made in exceptional circumstances where the evidence demonstrated that intervention in the manner which was sought was required in the interest of justice and, if not granted, the plaintiffs might be deprived of a remedy.

The major advantage of the Anton Piller order lies not on its speed but on its ability to take the defendant by surprise so that he has no opportunity whatsoever to dispose off infringing items and documents. It is a form of mandatory injunction which requires the defendant to permit entry into his



premises and to rummage through his belongings. Thus, the Anton Piller order is a powerful weapon in the copyright owner's armoury. At the same time, the Anton Piller order is vulnerable to abuses by unscrupulous plaintiffs.<sup>82</sup> For example, a plaintiff who alleges that a defendant is infringing his copyright in computer programs could obtain an Anton Piller order to enter the defendant's premises, rummage through the defendant's belongings and seize the computer software thereby putting the defendant out of business until the issue of infringement is further considered at the hearing of the inter partes application to set aside the Anton Piller order. By the time the order is set aside and the injunction discharged, it may be impracticable for the defendant to reinstate his business.

Clearly, the Anton Piller order should be circumscribed and granted only in genuinely deserving cases. To this end, Ormrod LJ in Anton Piller KG<sup>83</sup> laid down three pre-conditions for the making of the order. First, there must be an extremely strong prima facie case. Secondly, the damage, potential or actual, must be very serious for the applicant. Thirdly, there must be clear evidence that the defendants have in their possession incriminating documents or things and that there is a real possibility that they may destroy such material before any application inter partes can be made.<sup>84</sup>

<sup>82</sup> See, too, 'The Need for Safeguards' infra at 3.2.2.

<sup>83</sup> Supra n 78.

<sup>84</sup> Anton Piller KG v Manufacturing Processes Ltd, supra n 78 at 62.

The threshold level for the granting of an Anton Piller order is therefore higher than that of an inter partes interlocutory injunction.<sup>85</sup> This helps to ensure that the order is granted only in exceptional and urgent cases. The second pre-condition relates to assessment of the balance of convenience while the third concerns the need for an ex parte order.<sup>86</sup>

As the Anton Piller order developed, its scope was widened from the mere searching of the defendant's premises and seizing of infringing materials to include obtaining of information such as names and addresses of suppliers, places of manufacture, distributors, retailers, places of storage, invoices, records and documents.<sup>87</sup> In EMI Ltd & Anor v Sarwar and Haidar,<sup>88</sup> the plaintiffs who were manufacturers of cassette recordings discovered that infringing recordings were being sold at a low price in a number of shops. In addition to seeking the ordinary orders for search and seizure, the plaintiffs applied to have the defendants disclose the names and addresses of the suppliers of the infringing material. The judge at first instance granted an order in the Anton Piller form but refused the additional relief sought. On appeal, Lord Denning MR assented to the enlargement of the scope of the Anton Piller order.

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<sup>85</sup> See supra at 3.1.1.

<sup>86</sup> See Gaze EJ, 'The Anton Piller Order - A Review of its Development and Scope' (1985) 13 ABLR 354.

<sup>87</sup> See, too, 'Privilege Against Self-Incrimination' infra at 3.2.3.

<sup>88</sup> [1977] FSR 146.



The Anton Piller order was further widened in Chanel Ltd v 3 Pears Wholesale Cash & Carry Co<sup>89</sup> whereby the defendant was restrained from disclosing without the plaintiff's leave the subject matter of the proceedings so as to prevent advance warning being given to the suppliers. The evidence obtained pursuant to an Anton Piller order is also not confined to use in the pending proceedings but may be used for the purpose of identifying third parties such as the manufacturer, the chain of illicit dealers and traders.<sup>90</sup> Even where the identity of all the defendants involved in selling the infringing goods cannot be ascertained, Anton Piller orders can be granted against a particular defendant on his own behalf and on behalf of all other persons engaged in the trade of selling the infringing goods provided there is a common interest to link the members of the group against whom the injunction is being sought.<sup>91</sup>

During the early stages of development of the Anton Piller order, it was envisaged that the order would be resorted to infrequently in view of its extreme nature. In England, however, the remedy quickly became a common and widespread occurrence.<sup>92</sup> In fact, its effectiveness and versatility can be

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<sup>89</sup> [1979] FSR 393.

<sup>90</sup> Sony Corporation v Anand [1981] FSR 398, Sony Corporation v Time Electronics [1981] 3 All ER 376.

<sup>91</sup> EMI Records Ltd v Kudhail & Ors [1985] FSR 36.

<sup>92</sup> In Ex parte Island Records Ltd [1978] Ch 122 at 133, Lord Denning MR remarked that the Anton Piller orders were "in daily use, not only in infringement of copyright, but also in passing off cases, and other cases". See, also, the comments of Goulding J in Protector Alarms Ltd v Maxim Alarms Ltd [1978] FSR 442, Graham J in International Electronics Ltd v Weigh Data Ltd [1980] FSR 423 and Oliver LJ in Dunlop Holdings Ltd v Stararia Ltd [1982] Com LR 3.



seen by the extension of its application beyond the field of copyright to any form of civil action where the facts justify a granting of the order.<sup>93</sup> Anton Piller orders have been granted in breach of contract cases,<sup>94</sup> family law cases,<sup>95</sup> passing off cases,<sup>96</sup> confidential information cases<sup>97</sup> and enforcement of judgment cases.<sup>98</sup> The usefulness of the Anton Piller order is confirmed by the fact that it has been adopted by other jurisdictions within the common law world

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<sup>93</sup> Recently in England, a committee of Judges was established by the Judges' Council to consider the practical operation of Anton Piller orders. The Committee was chaired by Lord Justice Staughton with its other members being Lord Justice Scott, Lord Justice Hirst, Lord Justice Simon Brown and Mr Justice Hollings. The Committee concluded that Anton Piller orders should continue to be available in suitable cases, that it should not be inordinately expensive to obtain, that the orders should have a more definite basis in law and that the procedure should be subject to safeguards. It has now published a report in the form of a consultation paper. See 'Anton Piller Orders - A Consultation Paper' (the Lord Chancellor's Department, November 1992). See, also, Watson A, 'Reforming Anton Piller Orders' (1993) 12 Litigation 229. Likewise, in Hong Kong, the Chief Justice has recently established a 'Working Paper on Appropriate Safeguards for the Execution of Anton Piller Orders'. See Wilkinson M, 'Recent Developments Affecting Anton Piller Orders' (1993) 23 HKLJ 79.

<sup>94</sup> Yousif v Salama [1980] 1 WLR 1540.

<sup>95</sup> Emanuel v Emanuel [1982] 1 WLR 669.

<sup>96</sup> Ex parte Island Records Ltd, *supra* n 92.

<sup>97</sup> Lock International plc v Beswick [1989] 1 WLR 1268.

<sup>98</sup> Distributori Automatici Italia SpA v Holford General Trading Co Ltd [1985] 1 WLR 1066.



such as Malaysia,<sup>99</sup> Singapore,<sup>1</sup> Australia,<sup>2</sup> New Zealand,<sup>3</sup> Canada,<sup>4</sup> Hong Kong,<sup>5</sup> Nigeria<sup>6</sup> and South Africa<sup>7</sup>.

### 3.2.1 Anton Piller Orders in Malaysian Copyright Cases

The first reported case in Malaysia where an Anton Piller order was granted was Lian Keow Sdn Bhd v C. Paramjothy & Anor.<sup>8</sup> In that case, the plaintiffs, who were alleging the existence of a trust in a piece of land, applied ex parte for an Anton Piller order to enter the defendant's premises and to take into custody documents which were essential evidence in the action. In granting the order sought, the learned Judge examined Anton Piller KG<sup>9</sup> and confirmed the inherent jurisdiction of the High Court to grant such an order.

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<sup>99</sup> Lian Keow Sdn Bhd v C. Paramjothy [1982] 1 MLJ 217.

<sup>1</sup> Riedel-de Haen AG v Liew Keng Pang [1989] 2 MLJ 400.

<sup>2</sup> EMI (Australia) Ltd v Bay Imports Pty Ltd [1980] FSR 328.

<sup>3</sup> Thorn EMI Video Programmes Ltd v Kitching and Bushby [1984] FSR 342.

<sup>4</sup> Elesguero Inc v Ssangyong Shipping Co Ltd (1981) 117 DLR (3d) 105.

<sup>5</sup> Technica Electronics Ltd v Shin-Shirasuna Denki Kabushiki Kaisha [1981] HKLR 425.

<sup>6</sup> Ferodo Ltd v Unibros Stores [1980] FSR 489.

<sup>7</sup> Roamer Watch Co SA v African Textile Distributors [1980] 2 SALR 254.

<sup>8</sup> Supra n 99.

<sup>9</sup> Supra n 78.

The effectiveness of the Anton Piller order is seen by its widespread use in Malaysia so much so that in 1983, Chan J in the case of Television Broadcasts Ltd & Ors v Mandarin Video Holdings Sdn Bhd<sup>10</sup> commented that the order had by then become commonplace. This was the first reported copyright case in which the Anton Piller order was granted. In that case, the plaintiffs who were copyright owners of certain television films sued the defendants for infringing their copyright by making copies of their television series and hiring them out on the black market. The plaintiffs applied ex parte for an Anton Piller order even before the writ was served so as to take the defendants by surprise as the plaintiffs feared that the defendants would destroy all incriminating evidence such as their infringing video cassettes, invoices, delivery orders, account books and names and addresses of persons who had borrowed the pirated tapes. After reviewing with approval the landmark English cases<sup>11</sup> on Anton Piller orders, Chan J held that the plaintiffs had established a strong prima facie case that the defendants had been dealing in illicit films. Consequently, his Lordship granted the Anton Piller order. Anton Piller orders were also granted in subsequent copyright cases such as Television Broadcasts & Ors v Seremban Video Centre Sdn Bhd<sup>12</sup> and Penerbit Fajar Bakti Sdn Bhd v Cahaya Surya Buku dan Alat Tulis.<sup>13</sup> In Penerbit Fajar Bakti,<sup>14</sup> the court

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<sup>10</sup> Supra n 14.

<sup>11</sup> Anton Piller KG v Manufacturing Processes Ltd, supra n 78, EMI Ltd v Pandit, supra n 76, Rank Film Ltd v Video Information Centre, supra n 79.

<sup>12</sup> Supra n 14.

<sup>13</sup> [1989] 1 MLJ 386.

<sup>14</sup> Ibid.



held that an Anton Piller order could be made on a mere suspicion that infringing materials would be destroyed by the defendant once he had notice of a proposed action against him. It is submitted that this decision is given per incuriam because it seems to suggest that mere suspicion instead of a strong prima facie case of infringement would suffice for the court to grant an Anton Piller order.

fish for evidence to support a claim

With the Federal Court's decision in Asia Television Ltd & Anor v Viwa Video Sdn Bhd<sup>15</sup> which reversed the High Court judge's decision and restored the Anton Piller orders granted at first instance, it is now settled that Anton Piller orders are a part of our law on pre-action discovery, particularly in copyright cases.

confidential trade information. The defendant is left with having to enforce the

### 3.2.2 The Need for Safeguards

As mentioned above, the Anton Piller order soon became a commonplace recourse despite the exhortation of Templeman J (as he then was) in EMI Ltd v Pandit<sup>16</sup> that the order be preserved as an exceptional remedy. It was recognised since its inception that the order is draconian in nature and vulnerable to abuses. The order is essentially an unfair one from the viewpoint of the defendant because it is granted ex parte. While it is true that the plaintiff is under a duty to disclose all material facts in his affidavit, one cannot expect the

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<sup>15</sup> [1984] 2 MLJ 304.

<sup>16</sup> Supra n 76.

plaintiff to present evidence in such a way which is detrimental to him. Since no adversarial argument is presented before the court, a cogently presented and argued application would very likely be allowed. There is therefore a risk of unmeritorious orders being granted and misused to obtain information about the activities of a trade rival or to close down the defendant's business or to simply fish for evidence to support a claim.

During a raid, an unscrupulous plaintiff may indiscriminately seize and detain unauthorised materials. Even if the defendant succeeds in his application to discharge the order, the damage may have already been done because by then the plaintiff would have obtained access to the defendant's confidential trade information. The defendant is left with having to enforce the plaintiff's undertaking as to damages which may be difficult to prove and assess.

Perhaps the most draconian feature of the Anton Piller order is its resemblance to the search warrant.<sup>17</sup> Fear inflicted on the accused or defendant seems to be the common underlying factor in both the search warrant and the Anton Piller order. A person obeys a search warrant because he knows or fears the detrimental consequences of disobedience. Likewise, a defendant who is told that an Anton Piller order has been issued against him which required him to permit entry into his premises failing which he could be imprisoned for contempt

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<sup>17</sup> The courts have, however, sought to distinguish the two on the basis that forcible entry is not permitted in an Anton Piller order while it is allowed in a search warrant. See Lord Denning MR decision in Anton Piller KG, supra n 78.



of court would be under an immediate obligation to comply with the order.<sup>18</sup> There is therefore very little practical difference between the effect of a search warrant and an Anton Piller order because the end result which is compliance by the accused or defendant is the same. Furthermore, even if the Anton Piller order has been improperly obtained, the defendant is not entitled to refuse permission to enter. In Wardle Fabrics Ltd v G. Myristis Ltd,<sup>19</sup> the defendant refused to permit entry into its premises and in due course applied for the Anton Piller order to be discharged on the ground that there had not been full disclosure to the court. The Anton Piller order was discharged but the defendant was held guilty of contempt of court. The court upheld its decision on the basis that if the defendant was allowed to disobey the order based on his belief that the order would be subsequently set aside on his application, then the system of administration of justice would be abrogated.<sup>20</sup>

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<sup>18</sup> In Anton Piller KG, *supra* n 78, Lord Denning MR stated that two consequences would flow from a defendant's refusal to permit entry. First, contempt proceedings may be instituted against him. Secondly, adverse inference may be drawn against him at the trial which could be fatal to his defence.

<sup>19</sup> [1984] FSR 263.

<sup>20</sup> This is also likely to be the position in this country in view of the recent Supreme Court decision in Puah Bee Hong & Anor v Pentadbir Tanah Daerah Wilayah Persekutuan Kuala Lumpur & Anor (Teo Keng Tuan Robert, Intervener) [1994] 2 MLJ 601 involving an order for sale of a piece of land. In that case, the Land Administrator proceeded with the public auction despite being informed that the chargors had successfully obtained a stay of execution of the order for sale. Although the order of stay was subsequently set aside after the public auction, the Supreme Court held that the Land Administrator's defiance of the order of stay remained an illegal act and the public auction was illegally held. The setting aside of the order of stay did not obliterate the Land Administrator's disobedience.



Recently, the court in Bhimji v Chatwani<sup>21</sup> provided some clarification on the measures that could be taken by a defendant served with an Anton Piller order. In that case, the Anton Piller order contained an undertaking by the plaintiffs to advise the defendants of their right to obtain legal advice before complying with the order "provided that such advice was obtained forthwith". The Anton Piller order was served on the defendants at 8 a.m. but immediate compliance with the order was refused. The defendants contacted their solicitors for legal advice which was obtained at 11 a.m. Instead of permitting entry at this stage, the defendants offered a compromise which was rejected by the plaintiffs. The defendants then applied to the judge to set aside the order which was heard at about 5 p.m. on that day. The judge refused to set aside the order but instead varied it. Permission was then given by the defendants to search their premises in accordance with the amended order. Subsequently, the plaintiffs sought an order to commit the defendants to prison for contempt of court. In his judgment, Scott J proceeded by considering what the Anton Piller order required of the defendants. Scott J noted that the undertaking by the plaintiffs was that the defendants need not permit entry until they had taken legal advice provided such advice was obtained forthwith. According to the court, the word "forthwith" required the person on whom the order was served to, at once, try to obtain legal advice. The obligation to permit the plaintiffs' solicitors to enter did not arise until the defendants had had a

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<sup>21</sup> [1991] 1 WLR 989. See, too, WEA Records Ltd v Visions Channel 4 Ltd [1983] 1 WLR 721, Columbia Picture Industries Inc v Robinson [1987] Ch 38 and Arjunan v Kesatuan Kebangsaan Pekerja-pekerja Ladang [1993] 1 MLJ 326.



reasonable opportunity of obtaining legal advice. On the facts, Scott J was of the view that the defendants did obtain legal advice reasonably quickly. Once legal advice had been obtained, the defendants must immediately permit the search, otherwise he would be in contempt of court. On the facts, the defendants did not permit entry until after the application to set aside the Anton Piller order was refused. The defendants were therefore in contempt of court and at risk of committal to prison. However, Scott J held that the defendants' action did not justify the infliction of any penalty because the breach of the Anton Piller order was not contumacious.

Since the Anton Piller order is draconian in nature and vulnerable to abuses, the courts need to use extreme caution in granting the order. While the three pre-conditions laid down by Ormrod LJ in Anton Piller KG<sup>22</sup> serve as basic safeguards, the development of the Anton Piller order evinced a need for further requirements to reinforce these pre-conditions.

The liberalistic attitude of the courts was put to a check by the decision of Scott J in Columbia Picture Industries Inc v Robinson.<sup>23</sup> In that case, the plaintiffs who were copyright owners of certain motion pictures obtained a Mareva injunction and an Anton Piller order against the defendant who was alleged to have been making illicit copies of the copyrighted movies. Following a search of the defendant's business premises and home, a large

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<sup>22</sup> Supra n 78.

<sup>23</sup> [1987] Ch 38.

number of tapes were seized together with cassettes and documents which were not included in the order. These were taken away by the plaintiffs' solicitor. While in the custody of the plaintiffs' solicitor, some of the items were lost. In addition, as a result of the seizure, the defendant had to cease trading. In the defendant's application for a discharge of the order, it was revealed that the plaintiffs had not disclosed material facts to the court in their application for the Anton Piller order. In his judgment, Scott J stressed that an applicant for the Anton Piller order was under a strict duty to make to the court a full and frank disclosure of all relevant matters.<sup>24</sup> While recognising the potency of the order, his Lordship expressed concern as to the unrestrained manner in which the courts had been granting Anton Piller orders. According to the court, an undertaking by the plaintiffs to compensate the defendant for any damage caused to him was not a sufficient safeguard because of the irreversible consequences of a search and seizure on the defendant's premises. Neither was the duty of full disclosure an adequate safeguard since what is a material fact is not a matter of black and white. Nor was it sufficient for the defendant to be given liberty to apply to discharge the order because such application cannot in practice be done until after the order had been executed. Scott J suggested five procedural safeguards which should be observed by the plaintiffs in their application for and execution of an Anton Piller order. First, the order should be so drawn as to extend no further than the minimum extent necessary to achieve its purpose, namely, the preservation of documents which might otherwise be destroyed. Once the

<sup>24</sup> See, also, PMK Rajah v Worldwide Commodities Sdn Bhd [1985] 1 MLJ 86 where Zakaria Yatim J also placed emphasis on this requirement.



plaintiffs' solicitors were satisfied what material existed and had an opportunity to make copies, the items should be returned to its owner. Secondly, a detailed record of the material taken should be made by the solicitors before removing them from the defendant's premises. Thirdly, no material should be taken from the defendant's premises unless it was clearly covered by the order. Fourthly, materials the ownership of which was in dispute should be handed over to a neutral officer of the court or to the defendant's solicitor on an undertaking. Finally, affidavits in support of an Anton Piller application should err on the side of excessive disclosure.

Although it was felt that the above safeguards have been heeded and that Anton Piller orders were made much more sparingly than previously,<sup>25</sup> additional safeguards were laid down by the court in Universal Thermosensors Ltd v Hibben & Ors<sup>26</sup> to further limit the possibility of abuses. In that case, the court stated that Anton Piller orders should be executed only on working days during office hours when a solicitor can be expected to be available. It is submitted that exceptions should, however, be made where the Anton Piller order is to be served on a trader who operates only after office hours, for example, in the night market. If the order is to be executed at a private house, and it is

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<sup>25</sup> See the observation of Sir Donald Nicholls VC in Universal Thermosensors Ltd v Hibben & Ors [1992] 1 WLR 840 at 860.

<sup>26</sup> Ibid. See, too, Lock International plc v Beswick *supra* n 97. In Singapore, both the Court of Appeal in Computerland Corp v Yew Seng Computers Pte Ltd [1991] 3 MLJ 201 and the High Court in Peters Edition Ltd v Renner Piano Co [1990] 1 MLJ 337 have commented on the need to exercise extreme care in granting the Anton Piller order.

likely that a woman may be in the house alone, the solicitor serving the order must be, or must be accompanied by, a woman. A detailed list of items being removed should be prepared at the premises and the defendant given an opportunity to check it. The order should not be executed at business premises except in the presence of a representative of the company. The search should be confined to documents specified in the order. The service and execution of the order should be carried out by an experienced solicitor other than a member of the firm of solicitors acting for the plaintiff. That solicitor should prepare a written report on what occurred when the order was executed and serve it on the defendant. The plaintiff should also return to the court shortly after the execution of the Anton Piller order and present the report at an inter partes hearing.

In Malaysia, abuses of the Anton Piller order and the appropriate safeguards needed to counter such abuses have not been the subject of much comments by the courts. In Caterpillar Tractor Co v Hock Guan (1960) Sdn Bhd<sup>27</sup> which was a case on infringement of trade mark and passing off, Shankar J, in passing, drew attention to Columbia Picture Industries Inc v Robinson<sup>28</sup> and stated that the case showed "quite persuasively that many of the previous cases had gone too far".<sup>29</sup>

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<sup>27</sup> [1988] 1 CLJ 787.

<sup>28</sup> Supra n 23.

<sup>29</sup> Supra n 27 at 790.



### 3.2.3 Privilege Against Self-Incrimination

As mentioned above, the Anton Piller order was extended from its original form of allowing entry and inspection to the wider form of giving answers to interrogatories relating to the supply and sale of infringing copies.<sup>30</sup> This wider form faced a major setback in Rank Film Distributors Ltd v Video Information Centre<sup>31</sup> which was a case on infringement of copyright in video tapes of films. Whitford J, at first instance, ordered the defendants to permit the plaintiff access to their premises for inspection, to give immediate information about their sources of supply of copyright material and to disclose and produce documents. On appeal, the Court of Appeal, by majority,<sup>32</sup> discharged the order insofar as it related to giving answers to specific questions and the disclosure of documents upon the ground that it was in breach of the privilege against self-incrimination.<sup>33</sup> The decision was upheld by the House of Lords which reiterated that the privilege could only be invoked where there was a "real and appreciable" risk of the defendants being prosecuted in contrast with a "remote or insubstantial" risk. In the instant case, there was a real and appreciable risk

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<sup>30</sup> EMI Ltd & Anor v Sarwar and Haidar, supra n 88.

<sup>31</sup> Supra n 79.

<sup>32</sup> Bridge and Templeman LJJ comprised the majority while Lord Denning MR dissented.

<sup>33</sup> At common law, a person is not obliged to answer any question or produce any document if the answer or the document would have a tendency to expose that person, either directly or indirectly, to a criminal conviction, the imposition of a penalty or the forfeiture of an estate : Blunt v Park Lane Hotel Ltd [1942] 2 KB 253.

of criminal proceedings for conspiracy to defraud being taken against the defendants, hence the privilege applied in that case. The law lords were of the view that prosecution under the Copyright Act 1956 and Theft Act 1968 were unlikely and in any event penalty under the former was insubstantial.

The decision sparked off widespread concern over the consequences which the case might have on the effectiveness of Anton Piller orders. The practical result of the case was to confine Anton Piller orders to their narrow form of entry and inspection.<sup>34</sup> Also, Lord Wilberforce in delivering his decision, recognised that the availability of the privilege against self-incrimination would create the paradoxical situation whereby the more criminal the activities of the infringer, the less effective would be the civil remedy that could be granted. In fact, Bridge LJ and Templeman LJ at the Court of Appeal and Lord Russell at the House of Lords suggested that legislation be introduced to remove the privilege insofar as Anton Piller orders were concerned. The suggestions were taken up by the UK Parliament by enacting section 72 of the Supreme Court Act 1981 which withdrew the privilege against self-incrimination in connection with proceedings for infringement of intellectual property rights or for passing off. The section further provided that any statement or admission made would not be admissible in evidence in criminal proceedings for a related offence thereby protecting the provider of the

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<sup>34</sup> See, generally, Dworkin G, 'Rank Film v Video Information: Anton Piller Orders and the Privilege Against Self-Incrimination' [1980] EIPR 300; 'The Rank Film case - Has Anton Piller been Emasculated?' [1981] EIPR 180; Gaze EJ, 'The Anton Piller Order - A Review of the Development and Scope' supra n 86.



information from self-incrimination. The potency of the Anton Piller order in proceedings involving intellectual property and passing off was therefore restored.<sup>35</sup>

In Malaysia, the status of the privilege against self-incrimination in relation to Anton Piller orders is less clear because of two conflicting High Court decisions, one of which held that the privilege applied while the other held otherwise. In Television Broadcasts Ltd v Mandarin Video Holdings Sdn Bhd,<sup>36</sup> the plaintiffs obtained, by way of an ex parte application, an Anton Piller order to detain and preserve articles and documents in the possession of the

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<sup>35</sup> In Hong Kong, the Supreme Court (Amendment)(No. 3) Ordinance 1982 was passed by the Governor in Council on 13th July 1982. This Ordinance introduced a new section 44A into the Supreme Court Ordinance which followed, virtually word for word, section 72 of the UK Supreme Court Act 1981. In New Zealand, the Court of Appeal in Bushby v Thorn EMI Video Programmes Ltd [1984] 1 NZLR 461 overcame Rank Film, *supra* n 79, by making it a condition to the granting of an Anton Piller order that an undertaking be given by the plaintiff not to use any document or information obtained from the defendant for the purposes of any criminal prosecution of the defendant. In Canada, the argument has been made that the self-incrimination privilege does not apply to information given under an Anton Piller order because the information is not evidence given under oath by a witness in the course of judicial proceedings. On this, see, Paciocco DM, 'Anton Piller Orders: Facing the Threat of the Privilege Against Self-Incrimination' (1984) 34 UTLJ 26. See, too, the Federal Court of Australia decision in Warman International Ltd v Envirotech Australia Pty Ltd (1986) 67 ALR 253. In that case, the court, while recognising the value and importance of the privilege, stated that there was a need to modify the practice of granting the privilege so as to enable information to be obtained while preserving the privilege.

<sup>36</sup> [1983] 2 MLJ 346. For the facts of the case, see *supra* at 3.2.1.

defendants. At the plaintiffs' inter partes application for the order to be continued, the defendants objected to the application on the ground, inter alia, of the privilege against self-incrimination. The crux of the matter was whether the privilege applied in this country in view of section 132 of the Evidence Act 1950. Chan J considered the effect of Rank Film<sup>37</sup> and held that the privilege against self-incrimination was withdrawn by section 132. Relying on the authority of several English cases,<sup>38</sup> his Lordship stated that the real reason for the privilege was that no one was bound to say anything which might bring him into the peril and possibility of being punished or penalised by wrongdoing. Thus if circumstances arose such that there was no risk of arrest or prosecution, the privilege did not apply. According to his Lordship, section 132(2) removed completely the risk of arrest or prosecution and hence the privilege did not apply in this country.<sup>39</sup> His Lordship then proceeded to consider whether section 132 would apply to a party served with an Anton Piller order. This depended on the interpretation of the word "witness" in section 132. In other words, was section 132 confined only to persons giving evidence in the witness box or was it sufficiently wide to cover any situation where a person was ordered to tender evidence? Chan J took the view that a witness is a person who gives or is compelled by a court order to give evidence regardless of whether he is a party

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<sup>37</sup> Supra n 79.

<sup>38</sup> The cases relied on were Triplex Safety Glass Co Ltd v Lancegaye Safety Glass (1934) Ltd [1939] 2 KB 395, In re Westinghouse Uranium Contract [1978] AC 547 and Redfern v Redfern [1891] P 139.

<sup>39</sup> Chan J was also of the opinion that s 132(1) of the Evidence Act 1950 by itself was wide enough to withdraw the privilege.



to the proceedings or not. In coming to that view, his Lordship cited two Indian Supreme Court decisions, namely, MP Sharma v Satish Chandra<sup>40</sup> and The State of Bombay v Kathi Kalu<sup>41</sup> for the meaning of the word "witness". Both these cases dealt with offences under the Indian Penal Code and their main issue was the protection of an accused person as a witness under Article 20(3) of the Indian Constitution.<sup>42</sup> The phrase "to be a witness" appearing in Article 20(3) was held to mean "to furnish evidence". On the basis of that interpretation, Chan J concluded that the word "witness" in section 132 of the Evidence Act 1950 is wide enough to include a person served with an Anton Piller order and hence the privilege against self-incrimination is withdrawn in respect of such a person.

On the other hand, Zakaria Yatim J in PMK Rajah v Worldwide Commodities Sdn Bhd<sup>43</sup> took a contrary view. In that case, the plaintiff obtained an Anton Piller order to enter the defendants' premises for the purposes of inspecting and making photostat copies of documents relating to the plaintiff's trading account with the defendants as well as removing them into the custody of the plaintiff's solicitor. The defendants applied to discharge the order on the ground, inter alia, of privilege against self-incrimination in that production of the documents would incriminate the defendants by providing evidence on which they

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<sup>40</sup> [1954] SCR 1077.

<sup>41</sup> [1962] 3 SCR 10.

<sup>42</sup> Article 20(3) of the Indian Constitution provides that "no person accused of any offence shall be compelled to be a witness against himself".

<sup>43</sup> Supra n 24.

could be prosecuted for offences under the Commodities Trading Act 1980 and for conspiracy and fraud. The court had to consider whether, in Malaysia, a person served with an Anton Piller order is entitled to claim the privilege against self-incrimination as laid down in Rank Film.<sup>44</sup> Zakaria Yatim J considered Television Broadcasts<sup>45</sup> and disagreed with the definition of "witness" laid down therein. According to his Lordship, a person who gives evidence need not necessary be a witness. To support this contention, his Lordship cited section 139 of the Evidence Act 1950 which provided that a "person summoned to produce a document does not become a witness by the mere fact that he produces it". In addition, the two Indian cases<sup>46</sup> cited in Television Broadcasts<sup>47</sup> were criminal cases under the Indian Penal Code and therefore could not solely form the basis of a definition of the word "witness" in section 132 of the Evidence Act. His Lordship then defined a witness in the context of section 132 as a person who testifies on oath or affirmation in a court of law or in a judicial tribunal. Since a person served with an Anton Piller order was only required to give discovery of the relevant documents and did not testify on oath, he did not fall within the meaning of the word "witness" in section 132. Consequently, his Lordship concluded that section 132 did not apply at all to discovery under an

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<sup>44</sup> Supra n 79.

<sup>45</sup> Supra n 36.

<sup>46</sup> MP Sharma v Satish Chandra, supra n 40 and The State of Bombay v Kathi Kalu, supra n 41.

<sup>47</sup> Supra n 36.



Anton Piller order and that Rank Film<sup>48</sup> applied in this country.<sup>49</sup>

With the two conflicting High Court decisions discussed above, the position with respect to the rule against self-incrimination in Anton Piller orders in Malaysia is uncertain. While it is submitted that the reasoning of Zakaria Yatim J in PMK Rajah<sup>50</sup> appeals more to logic, the consequences of the availability of the privilege to a defendant are highly undesirable.<sup>51</sup> PMK Rajah<sup>52</sup> was recently applied by Abu Mansor J in Ariunan v Kesatuan Kebangsaan Pekerja-pekerja Ladang<sup>53</sup> which was a labour law case. In that case, the defendants successfully obtained a discharge of the Anton Piller order made against them on two grounds. First, there was no urgency that any evidence will be destroyed or dissipated if an Anton Piller order was not given. Secondly, applying PMK Rajah,<sup>54</sup> the disclosure of certain materials would incriminate the defendants in criminal prosecution.

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<sup>48</sup> Supra n 79.

<sup>49</sup> It is regrettable that his Lordship did not consider the effect of section 3 of the Civil Law Act 1956 on the applicability of Rank Film, supra n 79, in Malaysia.

<sup>50</sup> Supra n 24.

<sup>51</sup> As to the consequences, see the discussion above on Rank Film, supra n 79.

<sup>52</sup> Supra n 24.

<sup>53</sup> Supra n 21.

<sup>54</sup> Supra n 24.

Support for Zakaria Yatim J's view can be found in the decision of the Singapore High Court in Riedel-de Haan AG v Liew Keng Pang<sup>55</sup> which, like the above two Malaysian cases, dealt with the availability of the privilege to Anton Piller orders. The case turned on the meaning of the word "witness" in section 134 of the Singapore Evidence Act (Cap 97, 1985 Ed) which is in pari materia to section 132 of the Malaysian Evidence Act 1950. According to Chan J, the word "witness" has two connotations. In its broad sense, it means a person who has seen a thing or an event and in its narrow sense it means a person who goes into the witness box to testify to a fact or thing. Whether a broad or a narrow meaning should be given depended on the nature of the obligation imposed by the section. Insofar as the word "witness" in section 134 was concerned, Chan J interpreted it in its narrow sense for the following reasons. First, section 134(1) referred to an obligation to answer to any matter relevant to the fact in issue which implied that questions would be put to the witness and this could only be done at a trial. Secondly, section 134(3) which required the court to explain the purport of section 134(2) before compelling a witness to answer a question which would incriminate him, contemplated an oral explanation by the judge.

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<sup>55</sup> [1989] 2 MLJ 400. This case confirms that, in Singapore, a party can rely on the privilege against self-incrimination during the course of pre-trial proceedings. This case was followed subsequently in Guccio Gucci SpA v Sukhdav Singh & Ors [1992] 1 SLR 553, Nikkomann Co Pte Ltd v Yulean Trading Pte Ltd [1992] 2 SLR 980, Lee Thin Tuan v Louis Vuitton [1992] 2 SLR 273 and Hung Ka Ho v A-1 Office System Pte Ltd [1992] 2 SLR 379. In Hung Ka Ho, Kan Ting Chiu JC held that a defendant seeking to invoke the privilege had to state in his affidavit in support of his application for discharge of the Anton Piller order the basis for his belief that the answers would expose him to a real risk of prosecution failing which his application should be dismissed.



If Zakaria Yatim J's view that section 132 did not abrogate the privilege against self-incrimination in an Anton Piller order is based on a correct interpretation of section 132, the question that arises is whether the privilege can be invoked by a defendant served with an Anton Piller order for infringement of copyright. The answer depends to a large extent on whether there is a "real and appreciable" risk of the defendant being prosecuted. Unlike Rank Film<sup>56</sup> whereby offences under the Copyright Act 1956 are only ancillary remedies rarely invoked<sup>57</sup> and carry comparatively trivial penalty, the Malaysian Copyright Act 1987 imposes heavy penalties<sup>58</sup> and there is a "real and appreciable risk" of prosecution under the Act. This means that the privilege against self-incrimination can be invoked by a defendant served with an Anton Piller order in a copyright action. Should the Supreme Court favour PMK Rajah,<sup>59</sup> legislation or judicial intervention will clearly be required to restore the potency of the Anton Piller order.<sup>60</sup>

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<sup>56</sup> Supra n 79.

<sup>57</sup> Up until 1981 when Rank Film, ibid, was heard, section 21 of the UK Copyright Act 1956 which created summary offences had only been invoked once, namely, of a prosecution in 1913 under the then Copyright Act 1911.

<sup>58</sup> Copyright Act 1987, sections 41 and 43, See, Chapter 2 at 2.1.3.

<sup>59</sup> Supra n 24.

<sup>60</sup> See, Joseph ALR, 'Anton Piller Orders and the Privilege Against Self-Incrimination in Malaysia and Singapore' [1990] 3 MLJ 1viii; and 'Anton Piller Orders and the Privilege Against Self-Incrimination in Malaysia and Singapore: Revisited' [1992] 2 MLJ xliii. See, too, Pinsler JD 'Can a party faced with an "Anton Piller" order rely on the privilege against self-incrimination?' (1986) 28 Mal LR 78.

### 3.3 Mareva Injunctions<sup>61</sup>

Since piracy often involves an international dimension, there is a risk that the financial resources and other assets of a defendant may be removed from the jurisdiction in which legal proceedings are commenced against him. Not infrequently, a plaintiff who succeeds in obtaining judgment against a defendant may all too late find that the judgment is worthless to him because the defendant has siphoned off all his assets out of the court's jurisdiction prior to the trial. As banking transactions and modes of communication between countries advance rapidly, monetary assets can be transferred from one country to another within minutes. While interlocutory injunctions and Anton Piller orders are powerful weapons in their own right, they are totally helpless in preventing the dissipation of assets prior to trial which *prima facie* is not a wrongful conduct. Clearly, there is a need for an order to prevent the defendant from spiriting his assets abroad or otherwise dissipating or concealing them during the pendency of an action so as to deprive the plaintiff of any monetary compensation should he eventually succeed.

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<sup>61</sup> The Mareva injunction usually applies to commercial disputes rather than to copyright cases. However, it can conceivably have application to copyright cases, for example, when a defendant uses one country as a temporary stage for piratical activities.



In England, prior to 1975, it was not possible to obtain an injunction to restrain a man alleged to be a debtor from parting with his property.<sup>62</sup> The only remedy then available to an unsecured creditor was to obtain his judgment and to take out execution.<sup>63</sup> In May 1975, Nippon Yusen Kaisha v Karageorgis<sup>64</sup> came before the Court of Appeal and it concerned an action brought by shipowners against charterers in respect of unpaid hire. The charterers were out of the jurisdiction and could not be traced, but they had funds in bank accounts in London. After the writ was issued, but before any judgment had been obtained, the shipowners applied ex parte for an injunction to restrain the charterers from disposing of or dealing with their assets within the jurisdiction of the English court. The application was refused at first instance but allowed on appeal on the basis of section 45(1) of the UK Supreme Court of Judicature (Consolidation) Act 1925 which provided for the granting of an interlocutory injunction "in all cases in which it appears to the court to be just and convenient". In that case, it was just and convenient to grant the injunction

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<sup>62</sup> Robinson v Pickering (1881) 16 Ch D 660, Lister v Stubbs (1890) 45 Ch D 1. However, by a process called foreign attachment which was a custom of England recognised by the merchants of London, if a defendant was not to be found within the jurisdiction of the court, the plaintiff was able, as soon as the plaint was issued, to attach any effects of the defendant found within the jurisdiction of the court. This principle, which was applied by the English customary courts in olden times, appeared to have fallen into disuse in recent times. See observations of Lord Denning MR in Rasu Maritima SA v Pertamina [1977] 2 Lloyd's Rep 397 at 401-402; Dine JM & McEvoy JJ, 'Are Mareva Injunctions Becoming Attachment Orders?' (1989) 8 CJQ 236.

<sup>63</sup> Mills v Northern Railway of Buenos Ayres Company (1870) LR 5 Ch App 621.

<sup>64</sup> [1975] 1 WLR 1093.

as otherwise the charterers might remove the monies out of the jurisdiction and the shipowners would be cheated out of the proceeds of their action, should they be successful.

A month later the Court of Appeal heard Mareva Compania Naviera SA v International Bulkcarriers SA<sup>65</sup> which involved the same issues raised in Karageorgis.<sup>66</sup> As before, the application for the injunction was heard ex parte. The court affirmed its jurisdiction to grant such an injunction pursuant to section 45(1) of the UK Supreme Court of Judicature (Consolidation) Act 1925.

As with the Anton Piller order, a Mareva injunction is a very serious imposition on the defendant as it is obtained without notice to the defendant. Thus, the Court of Appeal and House of Lords have been careful to emphasize that the Mareva injunction is an exceptional remedy to be issued only if justice and convenience require it.<sup>67</sup> Further developments extended the Mareva jurisdiction to include cases in which a defendant is based within the

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<sup>65</sup> [1975] 2 Lloyd's Rep 509. The Mareva injunction owes its name to this case.

<sup>66</sup> Supra n 64.

<sup>67</sup> Stevenson LJ and Scarman LJ in the first inter partes case in MBPXL Corporation v Intercontinental Banking Corporation (1975, unreported, referred to by Mustill J (as he then was) in Third Chandris Shipping v Unimarine [1979] 2 All ER 972. A transcript of the MBPXL Corporation appears in Dass KS, Mareva Injunction, (Kuala Lumpur, Asian Book Co Sdn Bhd, 1982) at 86-91). See, also, the House of Lords decision in Siskina (Owners of cargo lately laden on board) v Distos Compania Naviera SA [1979] AC 210.



jurisdiction, so long as the circumstances are such that a risk exists of a dissipation of assets whether in the jurisdiction or elsewhere.<sup>68</sup> The Mareva injunction has also been extended to cover any asset of the defendant wherever such asset may be in the world.<sup>69</sup> At times, an order for discovery coupled with a Mareva injunction is granted so as to enable the plaintiff to determine with greater particularity the extent and whereabouts of the defendant's assets.<sup>70</sup> Although the Mareva injunction grew up in surroundings relating to ships, it has now attained a wide and general application in all litigation.<sup>71</sup> As stated above, the court's jurisdiction to grant a Mareva injunction was originally founded on section 45 of the UK Supreme Court of Judicature (Consolidation) Act 1925 but this section has now been replaced by section 37 of the UK Supreme Court Act 1981 which now represents the statutory source of power to grant a Mareva injunction.

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<sup>68</sup> Rahman (Prince Abdul) bin Turki al Sudairy v Abu Taha & Anor [1980] 1 WLR 1268.

<sup>69</sup> Derby & Co Ltd v Weldon [1989] 2 WLR 276.

<sup>70</sup> House of Spring Gardens Ltd v Waite [1985] FSR 173.

<sup>71</sup> This is not surprising in view of the fact that the function of the Mareva injunction is to prevent judgments from being rendered ineffective by the dissipation of the defendant's assets and there is thus no reason for confining it to shipping cases. See the decision of Sir Robert Megarry VC in Barclay Johnson v Yuill [1980] 3 All ER 190 which was endorsed by the Court of Appeal in Abu Taha's case, *supra* n 68.

There are four basic requirements for the grant of a Mareva injunction.<sup>72</sup> First, the plaintiff must show that he has a valid cause of action over which the court has jurisdiction.<sup>73</sup> Secondly, the plaintiff must show that he has a good arguable case. Thirdly, the plaintiff must produce evidence that the defendant has assets within the jurisdiction. Fourthly, there is a risk of the assets being removed before the judgment is satisfied.

Being a remedy which is usually granted ex parte because speed is of the essence, Mareva injunctions, like Anton Piller orders, are open to abuses. Cheques drawn on the account may be presented at a time when adequate funds are available to meet them but are subsequently dishonoured because of the injunction. The reputation of the defendant is therefore put at risk with the consequence that he is pressurized to settle the action. Also, since Mareva injunction has the effect of freezing the defendant's assets, it may be abused by an unsecured creditor in order to obtain security in advance of any judgment which he may obtain.<sup>74</sup>

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<sup>72</sup> Ninemia Maritime Corp v Trave Schiffahrtsgesellschaft GmbH & Co KG [1984] 1 All ER 398.

<sup>73</sup> In Polly Peck International plc v Nadir (No 2) [1992] 4 All ER 769 the English Court of Appeal held that a Mareva injunction would not be granted if the cause of action which was sought to be protected was speculative.

<sup>74</sup> See the judgment of Mustill J (as he then was) in Third Chandris Shipping v Unimarine, *supra* n 67 at 978 for a discussion of the possible abuses. See also Godwin AP, 'The "Mareva" Injunction - Its Use and Abuse' [1980] 1 MLJ 1xxi.



As a safeguard against such abuses, Lord Denning in Third Chandris Shipping Corp v Unimarine SA<sup>75</sup> laid down certain guidelines for the grant of a Mareva injunction. These are:

- (a) The plaintiff should make full and frank disclosure of all matters in his knowledge which are material for the judge to know.
- (b) The plaintiff should give particulars of his claim against the defendant, stating the ground of his claim and the amount thereof, and fairly stating the points made against it by the defendant.
- (c) The plaintiff should give some grounds for believing that the defendant has assets within the jurisdiction.
- (d) The plaintiff should give some grounds for believing that there is a risk of the assets being removed from the jurisdiction before the judgment is satisfied.
- (e) The plaintiff must, as in the case of any interlocutory injunction, give an undertaking in damages in case he fails in his claim or the injunction turns out to be unjustified.

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Supra n 67 at 984-985.

In addition, the court may also order that assets of the defendant which were purchased with the proceeds of sale of articles which infringed the plaintiff's copyright be delivered up for safekeeping to prevent their disposal. In CBS United Kingdom Ltd v Lambert,<sup>76</sup> the plaintiffs, who alleged that the defendants had infringed their copyright in musical recordings, sought both a Mareva injunction and an Anton Piller order against the defendants. Evidence was given that the first defendant was spending large sums of money on easily convertible items including expensive motorcars and other valuable movables although he claimed to be unemployed. In the circumstances, the evidence disclosed that the first defendant was conducting his affairs in a manner to defeat any judgment later given against him. The evidence also seemed to point that the profits from infringing the plaintiffs' copyright were being used to purchase these items. The English Court of Appeal, therefore, granted the Mareva injunction together with an order for delivery up and discovery.

### 3.3.1 Mareva Injunctions in Malaysia

Unlike in England, Malaysia has section 19(1) of the Debtors Act 1957 which provides for pre-trial attachment of assets.<sup>77</sup> However, applications under this

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<sup>76</sup> [1983] 1 Ch 37.

<sup>77</sup> In addition, section 15(1) of the Debtors Act 1957 provides for the arrest of a defendant before judgment provided he carries on business or ordinarily resides within the jurisdiction and the other conditions in that section are present.



section have to comply with strict statutory requirements. First, the application can only be made after the issue of a writ. Secondly, the plaintiff must prove that he has a good cause of action against the defendant. Thirdly, the defendant must come within one of the following:

- (a) that the defendant is absent from the state and his place of abode cannot be discovered;
- (b) that service of a writ of summons cannot without great delay or difficulty be effected; or
- (c) that the defendant, with intent to obstruct or delay the execution of any judgment made against him has removed or is about to remove, or has concealed, or is concealing, or making away with, or handing over to others, any of his movable or immovable property.

The grant of a Mareva injunction, on the other hand, rests with the court's general discretion and is not circumscribed by statutory requirements. The points requiring proof of a Mareva injunction are, therefore, less demanding than those under section 19 of the Debtors Act 1957.<sup>78</sup> Section 19 presupposes the existence of a writ whereas a Mareva injunction can be granted before the

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<sup>78</sup> As noted by Edgar Joseph Jr J (as he then was) in Pacific Centre Sdn Bhd v United Engineers (M) Bhd [1984] 2 MLJ 143.

issuance of a writ in urgent cases. Thus a Mareva injunction can be obtained more speedily than a section 19 order. Besides that, the plaintiff in a section 19 application must satisfy the court that he has a good cause of action whereas in a Mareva application, he needs only show a good arguable case. Therefore, the standard of proof required for a Mareva injunction is lower than that required for a section 19 order. Furthermore, where the application is made pursuant to section 19(1)(c), the plaintiff must satisfy the court of an intent on the part of the defendant to obstruct or delay the execution of any judgment. But a Mareva applicant needs only show that there is a risk that the defendant will dissipate his assets. Moreover, a section 19 order operates as a right in rem against the asset whereas a Mareva injunction operates in personam against the defendant, restraining him from dissipating his assets.

The first reported Malaysian case where an application was made to the High Court for a Mareva injunction was Zainal Abidin bin Hj Abdul Rahman v Century Hotel Sdn Bhd<sup>79</sup>, a case in which the plaintiff claimed damages for breach of agreement and also applied for an order to restrain the defendant from selling, transferring or in any manner disposing of certain lands. At first instance, Hashim Yeop A Sani J (as he then was) held that the High Court had no power to grant a Mareva injunction because there was no statutory provision corresponding to section 45 of the UK Supreme Court of Judicature (Consolidation) Act 1925. On appeal, the Federal Court held that Paragraph 6 of the Schedule to the Courts of Judicature Act 1964 supplied the necessary

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<sup>79</sup> [1982] 1 MLJ 40 (High Court), [1982] 1 MLJ 260 (Federal Court).



power to the Malaysian courts to grant a Mareva injunction in appropriate circumstances because Paragraph 6 was the equivalent provision to the English section 45. The appeal was, however, dismissed on factual grounds. In S & F International Ltd v Trans-Con Engineering Sdn Bhd<sup>80</sup>, the Federal Court followed Zainal Abidin's case<sup>81</sup> and assumed, without deciding, that the High Court in Malaya had jurisdiction to grant a Mareva injunction.

The issue of jurisdiction was again raised in Aspatra Sdn Bhd & 21 Ors v Bank Bumiputra Malaysia Bhd & Anor<sup>82</sup>. The Supreme court, by a majority,<sup>83</sup> affirmed the correctness of Zainal Abidin's<sup>84</sup> case and emphatically stated that "the Mareva remedy was here to stay".<sup>85</sup> According to the court, the mere fact that we did not have exactly the same provision as the English section 45 was not a sufficient ground for depriving our courts of jurisdiction to issue Mareva injunction. The court held that section 25(2) of the Courts of Judicature Act 1964 which under Paragraph 6 of the Schedule included the power to grant an injunction, read with Order 29 of the Rules of the High Court 1980 and section 50 of the Specific Relief Act 1950 was wide enough to confer the necessary jurisdiction to issue a Mareva injunction. The court further opined that

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<sup>80</sup> [1985] 1 MLJ 62.

<sup>81</sup> Supra n 79.

<sup>82</sup> [1988] 1 MLJ 97.

<sup>83</sup> Salleh Abas LP and Mohamed Azmi SCJ comprised the majority while Seah SCJ dissented.

<sup>84</sup> Supra n 79.

<sup>85</sup> Supra n 82 at 100.

section 50 of the Specific Relief Act 1950 gave our courts wider "discretion" in granting an injunction than section 45 of the English 1925 Act which restricted the English courts jurisdiction to issue injunction to cases where it appeared to the court to be just or convenient. Reference was also made by the Supreme Court to the High Court decision of Pacific Centre Sdn Bhd v United Engineers (M) Bhd<sup>86</sup> where Edgar Joseph Jr J (as he then was) took the view that in addition to the statutory jurisdiction discussed above, the court had jurisdiction by virtue of its inherent powers confirmed in Order 92 rule 4 of the Rules of the High Court 1980 to grant a Mareva injunction. This view received the support of the Supreme Court in Aspatra's<sup>87</sup> case. The development of the Mareva injunction in Malaysia has been enhanced by the willingness of the courts to extend its application to a wide variety of cases. Thus the Mareva injunction has been issued in cases involving, inter alia, breach of contract,<sup>88</sup> breach of fiduciary duty,<sup>89</sup> partnership<sup>90</sup> and embezzlement of funds.<sup>91</sup> One can safely assume that Mareva injunctions may also be granted in copyright cases where the circumstances warrant it. As in England, the Mareva injunction in Malaysia has

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<sup>86</sup> Supra n 78.

<sup>87</sup> Supra n 82.

<sup>88</sup> Zainal Abidin's case, supra n 79, (lease agreement), Pacific Centre's case, supra n 78, (sale of land) and S & F International Ltd's case, supra n 80, (sub-contract).

<sup>89</sup> Bank Bumiputra Bhd & Anor v Lorrain Osman & Ors [1985] 2 MLJ 236.

<sup>90</sup> Creative Furnishing Sdn Bhd v Wong Koi [1989] 2 MLJ 153.

<sup>91</sup> Abromaritime Technical Service v Azco Supply (M) Sdn Bhd [1991] 2 CLJ 982.



been extended to cover both cash and movable and immovable properties.<sup>92</sup> It is not confined to ex parte applications but can be granted after an inter partes hearing.<sup>93</sup> It has also been granted in conjunction with an order for discovery.<sup>94</sup> It is now clear that the Mareva injunction has a wide and general application in Malaysia and that the power of the courts to grant Mareva injunction is firmly established here.

### 3.4 Administrative Remedy

It is an indirect infringement of copyright to import infringing articles into Malaysia for the purposes of sale, hire, distribution or trade where the importer knows or ought reasonably to know that the making of the articles was carried out without the consent or licence of the copyright owner.<sup>95</sup> Such importation of infringing articles, otherwise than for the importer's private and domestic use is an offence under the copyright law.<sup>96</sup> Section 39 of the Copyright Act 1987 provides protection to the copyright owner by enabling him on giving an appropriate notice to the Minister<sup>97</sup> to have the importation of infringing articles prohibited. The copies which may be prohibited as a result of such notice are

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<sup>92</sup> S & F International Ltd v Trans-Con Engineering Sdn Bhd, *supra* n 80.

<sup>93</sup> Pacific Centre Sdn Bhd v United Engineers (M) Bhd, *supra* n 78.

<sup>94</sup> Bank Bumiputra Bhd & Anor v Lorrain Osman & Ors, *supra* n 89.

<sup>95</sup> Copyright Act 1987, section 36(2).

<sup>96</sup> Section 41(1)(f).

<sup>97</sup> See Copyright (Notice of Prohibition of Import) Regulations 1987, regulations 3 and 4.

copies of a work made outside Malaysia the making of which was carried out without the consent or licence of the copyright owner.<sup>98</sup> The restriction on importation does not apply to the importation of any article by a person for his private and domestic use<sup>99</sup> because such importation is neither an infringement under section 36 nor an offence under section 41. The Controller of Copyright may require the copyright owner to provide such security in respect of any liability which may be incurred as a result of the detention of the infringing copies.<sup>1</sup> Where security has not been required by the Controller, the copyright owner is liable to indemnify the Controller against any liability or expenses incurred.<sup>2</sup>

This remedy of restriction on importation is very useful because infringing articles, once dispensed throughout the country, are very difficult to detect and identify. Thus prohibiting their entry is crucial and copyright owners should therefore give advance notice to the Minister specifying the exact details as to the time and place of the expected importation.

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<sup>98</sup> Copyright Act 1987, section 39(2).

<sup>99</sup> Section 39(3).

<sup>1</sup> Copyright (Notice of Prohibition of Import) Regulations 1987, regulation 8.

<sup>2</sup> Regulation 10.



## CHAPTER 4

### FINAL REMEDIES

The civil remedies that are available to a copyright owner at the trial of the action are provided in section 37 of the Copyright Act 1987. In addition to the remedies of damages, accounts and injunction which are explicitly spelt out, section 37 also allows the court to grant other types of remedies as are available for infringement of other proprietary rights. The equitable remedy of delivery up which is available for infringement of patents, registered trade marks, passing off, designs and abuse of confidential information has been employed in copyright infringement to achieve a more effective scheme of remedies so as to put an end to the defendant's infringing activities. Clearly, the possible factual situations of copyright infringement are infinite in number and the types of remedies which should be granted and their severity must be appropriate to the seriousness of each case.

The final remedies for copyright infringement have to serve the needs of two basic types of copyright owners. At one extreme is the one-off copyright dispute such as the author of a book or the composer of a song who is seeking redress against another individual who is alleged to have copied the copyright work. At the other extreme is the unauthorised reproduction of the

copyright work on a wide scale by pirates for commercial gains. Whatever may be the type of remedies ultimately granted in each case, it should enable the copyright owner to obtain a meaningful redress without unduly punishing the infringer. At the same time, the scheme of available remedies must be sufficiently stringent so as to deter infringers from reaping the economic fruits of the copyright owner.

Since the trial of the action finally determines the parties' rights and liabilities, and consequently the remedies to be awarded, the burden of proof lies with the copyright owner to establish the subsistence of his copyright, his ownership<sup>1</sup> and the fact of infringement. This entails proof of facts such as what was made, when and where, by whom and whether the copyright was created in the course of employment or under contractual arrangements. Where an assignment or licence has been granted, it may be necessary to trace the chain of dealings in the copyright work. While these elements usually do not pose too great an obstacle to the copyright owner unless he is unfortunate enough to meet a vexatious defendant who is inclined to put all matters in issue, the proof of infringement which requires proof of performance by the defendant of the infringing act often does. In this regard, the interlocutory remedies discussed in Chapter 3 are linked to the final remedies because the former facilitates the securing of evidence to establish the defendant's liability which ultimately affects

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<sup>1</sup> Section 42 of the Copyright Act 1987 provides for proof of the subsistence and ownership of copyright by way of an affidavit or statutory declaration made by any person claiming to be the owner of the copyright or by his agent. This section applies to both civil and criminal proceedings for infringement of copyright. See, too, Chapter 2 at 2.1.2.



the issue of what suitable final remedies ought to be granted. In a more direct sense, the grant of an interlocutory injunction affects the recoverable damages since prospective losses may have been largely eliminated.

The scheme of final remedies commonly employed by the courts is directed at providing redress to the copyright owner in two main ways. First, the monetary remedy of compensatory damages seeks to compensate the copyright owner for his losses caused by the infringement. This does not, however, include the injury to the copyright owner's pride and feelings as a result of the high-handed manner in which the infringer carried out his infringing activities. While it is conceded that injury to pride and feelings cannot be quantified monetarily, the remedy of "additional damages" attempts to translate such injury to monetary terms as the best means of compensating the copyright owner. As an alternative to compensatory damages, the copyright owner has the option to elect the remedy of account of profits so as to strip the infringer of all his gains. This not only satisfies the copyright owner in that any benefit obtained by the infringer is shifted to him but it also removes any incentive on the part of future infringers from calculating that their gain from infringing will exceed the compensatory damages payable to the copyright owner. Secondly, the final injunction restrains future infringements and is often supported by an order for delivery up and destruction of the infringing articles thereby removing completely any temptation to stealthily disobey the injunction.

Where the copyright owner and the exclusive licensee have concurrent rights of action, it is a requirement under section 38(3) of the Copyright Act 1987 that the owner or exclusive licensee joins the other party as plaintiff or defendant in the action unless the application is for an interlocutory injunction or leave of the court is obtained. This chapter examines the principles governing the award of damages, additional damages, account of profits, delivery up and final injunction as remedies in proceedings for copyright infringement.

## 4.1 Monetary Remedies

### 4.1.1 Damages

Damages for infringement of copyright are provided in section 37(1) of the Copyright Act 1987. Of all the monetary remedies available for infringement of copyright,<sup>2</sup> only damages are purely compensatory in nature. The purpose of damages is to compensate the plaintiff for a wrong done to his copyright as an incorporeal right. Damages therefore put the plaintiff in the position he would have been in if the infringement had not occurred. The measure of damages is

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<sup>2</sup> The other monetary remedies are additional damages and account of profits. See *infra* at 4.1.2 and 4.1.3. In Australia and previously in the UK, the copyright statutes provide for an additional financial redress known as conversion damages. Such provision deems the copyright owner to be the owner of the infringing copies only for the purpose of bringing an action for conversion or detinue against the infringer. Conversion damages are based on the value of the infringing copies. In the UK, conversion damages which were available under section 18 of the UK Copyright Act 1956 have now been abolished by the UK Copyright, Designs and Patents Act 1988 on the recommendation of the Whitford Committee. See comments of Great Britain, Report of the Committee to consider the Law on Copyright and Designs (London, HMSO, 1977) Cmnd 6732, para 702.



the depreciation caused by the infringement to the value of the copyright as a chose in action.<sup>3</sup> Unlike the copyright statutes in some other jurisdictions which relieve a defendant who has infringed the plaintiff's copyright from being liable in damages if he can establish innocence, the Copyright Act 1987 does not contain any corresponding provision.<sup>4</sup> Damages are therefore available even when the defendant was not aware of and had no reasonable grounds for suspecting an infringement. As copyright subsists in a work without the need for any form of registration, a defendant who wishes to determine the subsistence or otherwise of copyright in a work does not have the benefit of consulting any register in advance. For this reason, it is submitted that a defendant who is not aware of and has no reasonable grounds for suspecting that copyright existed in the work concerned ought to be relieved from having to pay damages. It is therefore submitted that a provision to that effect should be incorporated in the Copyright Act 1987. Interestingly, such a provision was present under the Copyright Act 1969<sup>5</sup> but was not retained in the present Copyright Act 1987.

Although the measure of damages is the depreciation to the value of the copyright, cases show that the courts do not confine such damages merely to the difference in market value of the copyright before and after the

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<sup>3</sup> Sutherland Publishing Co Ltd v Caxton Publishing Co Ltd [1936] Ch 323.

<sup>4</sup> The copyright statutes of UK, Australia and Singapore provide that damages are not available in cases of innocent infringement. Nevertheless, a copyright owner may obtain an account of profits in such situations whether or not any other relief is granted. See *infra* at 4.1.3.

<sup>5</sup> Copyright Act 1969, section 14(4).

infringement.<sup>6</sup> Rather, any loss arising as a result of the infringement is taken into account subject to the rules of remoteness.<sup>7</sup> The approach adopted by the courts in assessing damages varies from case to case depending on how the copyright owner exploits the copyright in issue. First, if the copyright owner does not himself exploit his copyright in the marketplace but grants licences to others to exploit the work on payment of a fixed royalty or licence fee, then the measure of damages the defendant must pay will be the accepted royalty rate.<sup>8</sup>

Secondly, if the copyright owner himself actually exploits his copyright in the marketplace so that the defendant comes into direct competition with the copyright owner, then damages will be assessed on a lost sales basis, that is, the lost profits which the copyright owner would receive had the defendant's infringing activities not occurred.<sup>9</sup> There are several methods of determining lost sales.<sup>10</sup> One such method is to determine the extent of the defendant's sales of the infringing product and use those figures as an approximation of lost sales. In Allibert S.A. v O' Connor & Anor,<sup>11</sup> the plaintiffs were copyright owners of drawings relating to fish boxes and were

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<sup>6</sup> Interfirm Comparison (Australia) Pty Ltd v Law Society of NSW [1977] RPC 137.

<sup>7</sup> Ibid.

<sup>8</sup> Penn v Jack (1867) LR 5 Eq 81, Ting Peng Yew v Singapore Envelopes Co Pte Ltd [1991] 2 MLJ 398.

<sup>9</sup> Lewis Trusts v Bambers Stores Ltd [1982] FSR 281.

<sup>10</sup> See Keenon WR, 'Monetary Recovery Under the Copyright Act: Calculation of Damages' (1986) 65 Oreg L Rev 809.

<sup>11</sup> [1982] FSR 317.



carrying on business as manufacturers of such boxes. The defendants, in infringing the plaintiffs' copyright, manufactured and sold such boxes in direct competition with the plaintiffs. In an action for infringement, the plaintiffs were awarded damages based on the plaintiffs' loss of profit on the sale of the infringing boxes diverted to the defendants. In quantifying the loss of profit, the court deducted the purchase price of each of the plaintiffs' fish boxes from the costs of producing and marketing one such box and then multiplied that figure with the total number of infringing fish boxes sold by the defendants. Lost sales may also be determined by the plaintiff establishing actual sales during a pre-infringement period and using those figures to project what the sales volume should have been had there been no infringement, and then comparing that figure with the actual sales during the infringement period.

Thirdly, in some cases, it is not possible to prove the existence of a normal rate of profit or a fixed royalty or a licence fee. In such cases, it is for the copyright owner to adduce evidence of the surrounding circumstances relating to the infringement which will guide the court, such as the going-rate for licence fee or royalty in the relevant trade<sup>12</sup> or the loss to the value of the copyright caused by the vulgarisation of the copyright work.<sup>13</sup> In Stovin Bradford v Volpoint Properties,<sup>14</sup> an architect prepared plans for the purpose of obtaining

<sup>12</sup> General Tire & Rubber Co v Firestone Tyre & Rubber Co Ltd [1976] RPC 197.

<sup>13</sup> Sutherland Publishing Co Ltd v Caxton Publishing Co Ltd, *supra* n 3.

<sup>14</sup> [1971] Ch 1007.

planning permission. The defendants, without any consent from the architect, used the plans in the actual construction of the building. In an action brought by the architect for damages for infringement of his copyright, the court awarded damages based on what would be a fair remuneration to the architect for a licence to use the whole of his plan and drawings for the purpose for which the defendant had used them.

Sometimes the quantum of damages is decided by the court as a matter of impression and not based on any meticulous calculation of individual items. In Syed Alwi v Dewan Bahasa dan Pustaka,<sup>15</sup> the plaintiff was a well-known playwright who was awarded a literature prize by the defendant for his play entitled "Tok Perak". The defendant was found to have infringed the plaintiff's copyright in the play by the publication of 5,000 copies of this work. In addition, the plaintiff found missing words, textual errors and punctuation mistakes in the work as published. The court, without undertaking any calculation, awarded damages to the plaintiff in the sum of RM10,000.

Whichever approach is employed by the courts, the process of quantifying damages is ultimately one of judicial estimation and not precise calculation, based on the available evidence.<sup>16</sup> This may sometimes be difficult especially when the defendant is able to show that he made sales of the infringing works that the plaintiff would not have made even if the defendant had never

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<sup>15</sup> [1980] 1 MLJ 129.

<sup>16</sup> Lewis Trusts v Bambers Stores Ltd, supra n 9.



entered the market.<sup>17</sup> There may be other reasons for a falling-off and the mere fact of drop in sales need not be decisive.<sup>18</sup> A balance must be struck in each case between compensating the copyright owner for what he actually lost and ensuring that the defendant is not penalised.

Where an action seeking damages for infringement is brought by an exclusive licensee without joining the copyright owner,<sup>19</sup> the award of damages should take into account liabilities in respect of royalties or otherwise to which the licence is subjected.<sup>20</sup> Furthermore, regardless of whether the plaintiff is the exclusive licensee or the copyright owner, the court must take into account any pecuniary remedy already awarded to the other party and any right of action exercisable to the other party in respect of the same infringement.<sup>21</sup>

#### 4.1.2 Additional Damages

Where copyright infringement is established, the court, in assessing damages, is empowered to award such additional damages as are appropriate in the

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<sup>17</sup> See Brown AS, 'Damages and Account of Profits in Trademark, Trade Secrets, Copyright and Patent Law' (1977) 3 Auck UL Rev 188.

<sup>18</sup> Federal Computer Services Sdn Bhd v Ang Jee Hai, Eric [1991] 3 MLJ 341.

<sup>19</sup> Before such an action can be commenced, leave of the court pursuant to section 38(3) of the Copyright Act 1987 must first be obtained.

<sup>20</sup> Copyright Act 1987, section 38(5).

<sup>21</sup> Section 38(5)(b).

circumstances.<sup>22</sup> In such a situation, the court must be satisfied that effective relief would not otherwise be available to the copyright owner, having regard to the flagrancy of the infringement and any benefit shown to have accrued to the defendant by reason of the infringement in addition to all other material considerations.

"Flagrancy" implies the "existence of scandalous conduct, deceit and such like and includes deliberate and calculated copyright infringements".<sup>23</sup> It also includes the infliction of humiliation and loss difficult to compensate and assess in the normal course.<sup>24</sup> "Benefit" implies that the defendant had reaped a pecuniary advantage in excess of the damages he would otherwise have to pay.<sup>25</sup> Since the word "additional" neither indicates nor describes the purpose for which such additional damages are to be awarded, the important question is to determine what such additional damages really are. Are they intended to encompass aggravated but still compensatory damages or do they go beyond compensation to cover exemplary damages? Aggravated damages are awarded as an extra compensation to the copyright owner for the injury to his feelings and

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<sup>22</sup> Section 37(2).

<sup>23</sup> Ravenscroft v Herbert & Anor [1980] RPC 193 at 208.

<sup>24</sup> Williams v Settle [1960] 1 WLR 1072, Nichols Advanced Vehicle Systems Inc v Rees [1979] RPC 127, The Lady Anne Tennant v Associated Newspapers Group [1979] FSR 298.

<sup>25</sup> Ravenscroft v Herbert & Anor, supra n 23.



dignity caused by the defendant's insulting behaviour.<sup>26</sup> Exemplary damages, on the other hand, are awarded as a punishment meted out on the defendant because of his outrageous conduct.<sup>27</sup> Aggravated damages are therefore within the compensatory principle of damages while exemplary damages are independent of the question of compensation and are punitive in nature.

Section 37(2) is in pari materia with section 17(3) of the now repealed UK Copyright Act 1956 and, therefore, English decisions on section 17(3) may provide some insight on our court's attitude to the section. When the Gregory Committee recommended the introduction of section 17(3), it was of the view that the court should be empowered to impose exemplary damages in cases where the existing remedies gave inadequate relief.<sup>28</sup> This in itself suggests that an award of exemplary damages is allowed by section 17(3). However, at the time the UK Copyright Act 1956 was drafted, there was no distinction in English law between the concepts of aggravated and exemplary damages and indeed the two terms were used interchangeably.<sup>29</sup> One cannot therefore be absolutely

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<sup>26</sup> McGregor on Damages 15th Ed (London, Sweet & Maxwell, 1988), at para 409.

<sup>27</sup> Ibid.

<sup>28</sup> See comments of Great Britain, Report of the Copyright Committee (London, HMSO, 1952) Cmnd 8662, para 294.

<sup>29</sup> Subsequent to the House of Lords decision in Rookes v Barnard [1964] AC 1129, the expressions "aggravated" and "exemplary" damages acquired separate and mutually exclusive meanings as terms of art in English law. Rookes v Barnard was applied in the Malaysian case of Alfred Templeton & Ors v Low Yat Holdings Sdn Bhd [1989] 2 MLJ 202 and Cheng Hang Guan v Perumahan Farlim (Pg) [1993] 3 MLJ 352.

certain as to which of the two elements of damages was intended by the UK Parliament.

The earlier English cases demonstrate a general willingness of the courts to award exemplary damages pursuant to section 17(3) of the UK Copyright Act 1956. Thus, in Williams v Settle,<sup>30</sup> the defendant was a professional photographer who had taken photographs of the plaintiff's wedding. The plaintiff's father-in-law was included in some of the photographs. Two years later, the plaintiff's father-in-law was murdered and the defendant sold some of these photographs to the press despite the fact that copyright in the photographs belonged to the plaintiff. In an action claiming damages for breach of copyright in the photographs, the plaintiff was awarded damages for copyright infringement. In addition, exemplary damages under section 17(3) of the UK Copyright Act 1956 were awarded because of the scandalous conduct of the defendant and his total disregard not only of the legal rights of the plaintiff regarding his copyright, but also of the plaintiff's feelings and sense of family dignity and pride.

Subsequent developments in the law commencing from the House of Lords decision in Rookes v Barnard<sup>31</sup> drew a distinction between exemplary and aggravated damages. Williams v Settle<sup>32</sup> was characterised as a case of

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<sup>30</sup> Supra n 24.

<sup>31</sup> Supra n 29.

<sup>32</sup> Supra n 24.



aggravated damages. Although Lord Devlin in Rookes v Barnard<sup>33</sup> severely restricted the application of exemplary damages, his Lordship reserved his opinion as to whether section 17(3) permitted the award of exemplary damages.<sup>34</sup> Rookes v Barnard<sup>35</sup> was confirmed by the House of Lords in Cassell & Co Ltd v Broome.<sup>36</sup> Lord Hailsham in the latter case also left open the question as to whether exemplary damages could be awarded under section 17(3). However, Lord Kilbrandon was of the view that section 17(3) did not authorise the award of exemplary damages.<sup>37</sup>

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<sup>33</sup> Supra n 29.

<sup>34</sup> It was in Rookes v Barnard, ibid, that the House of Lords criticised exemplary damages as anomalous in English law but recognised that the doctrine was sufficiently established in case law to prevent its complete abolition. The effect of the decision was to limit the cases in which exemplary damages could be awarded to three categories. First, cases of oppressive conduct by government servants. Secondly, cases in which the defendant's conduct was calculated by him to make a profit for himself. Thirdly, cases where exemplary damages were expressly authorised by statute. In the recent case of AB & Others v South West Water Services Ltd [1993] 1 All ER 609, the Court of Appeal further curtailed the award of exemplary damages in that the award can now be made only where the cause of action was one where such an award was made prior to 1964, that is, prior to Rookes v Barnard. Rookes v Barnard has not been followed in some countries in the Commonwealth. In Australia, Canada and New Zealand, the courts continue to award exemplary damages for flagrant or conscious wrongdoing. In these countries, exemplary damages are also awarded where a person acts maliciously or vindictively with a contumelious disregard for the plaintiff's rights.

<sup>35</sup> Supra n 29.

<sup>36</sup> [1972] AC 1027. This case was applied in the Malaysian case of Alfred Templeton & Ors v Low Yat Holdings Sdn Bhd & Anor, supra n 29.

<sup>37</sup> Ibid at 1134.

Further support for the view that section 17(3) did not authorise exemplary damages is found in the decision of Ungood-Thomas J in Beloff v Pressdram Ltd.<sup>38</sup> The plaintiff in that case brought an action for infringement of copyright in respect of an office memorandum written by the plaintiff describing a conversation between the plaintiff and a named cabinet minister regarding possible successors to the Prime Minister in the event of the latter's accidental death. The plaintiff claimed, inter alia, damages for breach of copyright together with aggravated and exemplary damages. One of the issues was whether section 17(3) permitted an award of aggravated and exemplary damages. The court noted that pursuant to section 17(3), additional damages would not be awarded unless the court was "satisfied that effective relief would not otherwise be available to the plaintiff". Ungood-Thomas J was of the view that these words focused attention on relief to the plaintiff and were concerned with purely compensatory damages, so that exemplary damages were excluded by the wordings of section 17(3). His Lordship also considered whether section 17(3)(b) would justify the granting of exemplary damages as falling within the second category of permitted exemplary damages decided in Rookes v Barnard.<sup>39</sup> This second category deals with cases in which the defendant's conduct was calculated to make a profit for himself. While recognising that both section 17(3)(b) and Lord Devlin's second category dealt with the unjust enrichment by the defendant, Ungood-Thomas J was of the view that the latter

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<sup>38</sup> [1973] RPC 765.

<sup>39</sup> Supra n 29. As to the categories of permitted exemplary damages decided in Rookes v Barnard, see supra n 34.



related to damages as punishment for the defendant's conduct whereas the former related to compensation in respect of the benefit obtained by the defendant. His Lordship thus ruled that section 17(3) did not permit exemplary damages. Ungood-Thomas J in fact went a step further by holding that aggravated damages could not be awarded outside the ambit of section 17(3). His Lordship's reasons were as follows. First, section 17(3) provided for "additional" damages without making any reference at all to exemplary or aggravated damages. Secondly, section 17(3) already provided for the advantage obtained by the defendant from the plaintiff's property so there was no necessity to look beyond the section for exemplary damages. Thirdly, section 17(3) was a comprehensive section on aggravated damages. Fourthly, since additional damages could only be awarded if effective relief would not otherwise be available, aggravated damages free from such a precondition could not exist side by side with additional damages as this would defeat the intention of Parliament. Fifthly, section 17(3) was a code for damages which were "additional" without providing a place for additional exemplary and aggravated damages outside the subsection. Ungood-Thomas J also discussed the significance of the words "effective relief would not otherwise be available" and concluded that the phrase meant that additional damages could not be granted in a case where a party could have achieved relief by means of another cause of action.<sup>40</sup> The case before his Lordship was such a case since an action in defamation would have provided effective relief. It therefore appears

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<sup>40</sup> This requirement is no longer necessary under section 97(2) of the UK Copyright, Designs and Patents Act 1988.

that the English courts' view of section 17(3) is that the statutory remedy precludes any award of exemplary damages and aggravated damages.<sup>41</sup>

In New Zealand, however, the Court of Appeal in Wellington Newspapers Ltd v Dealers Guide Ltd<sup>42</sup> held that exemplary damages can be awarded under section 24(3) of the New Zealand Copyright Act 1962 which is in pari materia with section 17(3) of the repealed UK Copyright Act 1956. Similarly, the subsequent case of Wilson v Broadcasting Corp of New Zealand<sup>43</sup> also decided that if the facts of the infringement warranted the grant of exemplary damages, such damages should be made under section 24(3) of the New Zealand Copyright Act 1962.

In this regard, it is interesting to note section 115(4) of the Australian Copyright Act 1968 and section 119(4) of the Singapore Copyright Act 1987 which empower the court to award such additional damages as it considers appropriate in the circumstances without additionally being required to be satisfied "that effective relief would not otherwise be available to the

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<sup>41</sup> See, too, Copinger and Skone James Copyright 13th Ed (London, Sweet & Maxwell, 1991) at para 11-66; Lester D & Mitchell P, Joynson-Hicks on UK Copyright Law (London, Sweet & Maxwell, 1989) at 341. Contrast the view taken by Dworkin G & Taylor RD in Blackstone's Guide to the Copyright, Designs and Patents Act 1988 (London, Blackstone Press Ltd, 1989) at 118 which is that exemplary damages are authorised by section 97(2) of the UK Copyright, Designs and Patents Act 1988, the equivalent of section 17(3) of the repealed UK Copyright Act 1956.

<sup>42</sup> [1984] 2 NZLR 66.

<sup>43</sup> [1990] 2 NZLR 565.



plaintiff". The absence of this additional requirement led the Supreme Court of South Australia in Concrete Systems Pty Ltd v Devon Symonds Holdings Ltd<sup>44</sup> to conclude that English decisions on exemplary damages are inapplicable in Australia. In that case, the court held that section 115(4) is not directed in its terms purely to compensatory damages. According to the court, section 115(4) gives the court the widest possible discretionary power to compensate the plaintiff for loss and damage occasioned by the infringement, whether such loss and damage are exemplary or aggravated. Concrete Systems<sup>45</sup> was relied on by the Federal Court of Australia in Autodesk Pty Ltd & Anor v Cheung<sup>46</sup>, a case concerning infringement of copyright in computer programs, where a substantial sum was awarded for additional damages under section 115(4). Notwithstanding this, even if the conditions in section 115(4) were to be established, the court has a discretion to refuse additional damages, for example, when the award of compensatory damages itself casts on the defendant a burden too difficult for him to bear<sup>47</sup>.

In Malaysia, the decision of Gunn Chit Tuan J (as he then was) in Mokhtar Haji Jamaludin v Pustaka Sistem Pelajaran<sup>48</sup> seems to suggest that

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<sup>44</sup> (1978) 20 ALR 677.

<sup>45</sup> Ibid.

<sup>46</sup> (1990) 17 IPR 69.

<sup>47</sup> Amalgamated Mining Services Pty Ltd v Warman International Ltd & Ors (1992) 24 IPR 461.

<sup>48</sup> [1986] 2 MLJ 376.

aggravated damages for copyright infringement may be granted under the general power to award damages provided by section 14(3) of the Copyright Act 1969<sup>49</sup> without having to resort to section 14(5).<sup>50</sup> In Mokhtar's case<sup>51</sup>, the plaintiff who was a writer of literary works had orally agreed with the defendants to allow the latter to publish his works. The plaintiff subsequently discovered that the words "oleh Mokhtar A.K." who was another writer were printed on the cover of the said works. The plaintiff therefore alleged that the defendants had intended to convey the idea that the works were written by Mokhtar A.K. In addition, the defendants had also named themselves as the owner of the copyright in the work. The issue of infringement had earlier been settled by the parties and the only issue left was the assessment of damages. Although the plaintiff was entitled to damages for breach of the oral agreement, the court held that the loss in this case was remote and indirect. In assessing damages for infringement of copyright, Gunn Chit Tuan J (as he then was) referred solely to section 14(3) as empowering the court to grant damages. According to his Lordship, damages under this section were at large on the authority of the English case of Exchange Telegraph Co v Gregory.<sup>52</sup> Being at large, damages were not limited to the pecuniary loss that could specifically be proved but extended to the motives and conduct of the defendants which aggravated the injury done to the plaintiff

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<sup>49</sup> Section 14(3) of the Copyright Act 1969 was in pari materia to section 37(1) of the Copyright Act 1987.

<sup>50</sup> Section 14(5) of the Copyright Act 1969 was in pari materia to section 37(2) of the Copyright Act 1987.

<sup>51</sup> Supra n 48.

<sup>52</sup> [1896] 1 QB 147.



including injury to his feelings and pride. On this basis, his Lordship awarded aggravated damages in the sum of RM2,500.

On the authority of Mokhtar's case,<sup>53</sup> aggravated damages can be awarded for copyright infringement independently of the "additional damages" provision in section 37(2) of the Copyright Act 1987. If aggravated damages come within the purview of section 37(1) of the Copyright 1987, one is left to wonder what role, if any, is played by section 37(2) and how the section is to be read. It is submitted that section 37(2) should be interpreted as empowering the court to grant exemplary damages in appropriate circumstances.

#### 4.1.3 Account of Profits

An account of profits is the other category of monetary remedies available to a plaintiff in an action for infringement of copyright spelt out in section 37(1) of the Copyright Act 1987. This remedy is an equitable one having its origins in the Chancery Courts.<sup>54</sup> Although section 37(1) specifically provides that relief by way of accounts "shall be available to the plaintiff", the equitable nature of the remedy dictates that the ultimate decision on whether an account of profits

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<sup>53</sup> Supra n 48.

<sup>54</sup> An action for an account of profits has its roots in the common law action but this was superseded by the equitable action for account of profits primarily as a result of the procedural difficulties attendant in common law actions. See Meagher RP, Gummow WMC, Lehane JRF, Equity - Doctrines and Remedies 3rd Ed (Sydney, Butterworths, 1992) at paras 2501-2503, and Kirby CL, 'To Account or Not to Account? An Account' [1991] 10 EIPR 367.

should be ordered or not rests with the discretion of the court.<sup>55</sup> Unlike damages which are compensatory in nature, an account of profits is restitutionary in that the defendant is made to account for profits he has made out of his infringement and is required to restore it to the plaintiff.<sup>56</sup> The basis for ordering an account of profits is that the defendant should be prevented from being unjustly enriched at the expense of the plaintiff and should therefore be deprived of any profit made by him which is attributable to the infringement.<sup>57</sup>

decision in *Neilson v Barn*,<sup>58</sup> both involving patent infringement, held that it

was an established principle that an account of profits will conceivably yield a more precise figure of the defendant's profits than damages because the taking of an account involves an examination of the defendant's actual accounts whereas damages are more often than not an estimation of the plaintiff's losses. A major drawback of an account is the lengthy and complicated procedure involved in the process of calculation and the difficulties in ascertaining precisely what profits are attributable to the infringement. This is particularly so where various factors

<sup>55</sup> For example, section 115(2) of the Australian Copyright Act 1968 and section 119(2) of the Singapore Copyright Act 1987 (Cap 63, 1988 Ed) provide that a plaintiff may elect to sue for an account of profits or for damages.

<sup>55</sup> Kelly v Hooper (1840) 4 Jur 21; 62 ER 852.

<sup>56</sup> Hogg v Kirby (1803) 8 Ves 215; 32 ER 336, Colbeam Palmer Ltd & Anor v Stock Affiliates Pty Ltd (1968) 122 CLR 25.

<sup>57</sup> My Kinda Town v Soll [1982] FSR 147 (a passing off case). This rationale is also referred to in Copinger and Skone James (1991) at para 11-76. One writer suggested that a possible theoretical justification for an account of profits lies in the fact that copyright is a property right and it is unconscionable for an infringer to retain the benefit which he had received by the appropriation of that right. The writer also suggested that another possible rationale lies in the deterrent effect of the remedy; the removal of any possibility of retaining the profit will remove any incentive to infringe. See Bently L, 'Accounting for Profits Gained by Infringement of Copyright: When does it End?' [1991] 1 EIPR 5.



besides the copyright work contribute to the profits, for example, the marketing strategies, advertisement, the public's demand and the price of the product.

While the copyright statute of some jurisdiction<sup>58</sup> provides that the remedy of account and damages are mutually exclusive so that one is granted to the exclusion of the other, section 37(1) is less clear on this aspect. At common law, the House of Lords in De Vitre v Betts<sup>59</sup> relying on its earlier decision in Neilson v Betts,<sup>60</sup> both involving patent infringement, held that it was an established principle that a plaintiff cannot be entitled to both an account of profits and an inquiry into damages. According to the House of Lords, a claim for damages and profits was irreconcilable since the taking of an account tantamounts to condonation of the infringement while the claim for damages reflects the plaintiff's insistence that the defendant's act was wrongful.<sup>61</sup> Another view for this principle is that the defendant should not be entitled to be

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<sup>58</sup> For example, section 115(2) of the Australian Copyright Act 1968 and section 119(2) of the Singapore Copyright Act 1987 (Cap 63, 1988 Ed) (hereinafter referred to as 'the Singapore Copyright Act 1987').

<sup>59</sup> (1873) LR 6 HL 319.

<sup>60</sup> (1871) LR 5 HL 1.

<sup>61</sup> This view has been said to be unsatisfactory particularly in the light of recent decisions such as Codex Corp v Racal-Milgo [1984] FSR 87, Catnic v Evans [1983] FSR 401 and Attorney-General v Guardian Newspapers Ltd [1987] 3 All ER 316 which suggested that both an account of profits and an inquiry into damages may be available. See Bently L, 'Accounting for Profits Gained by Infringement of Copyright: When does it End?', *supra* n 57, where the writer took the view that this rationale has long been disapproved and ought no longer to be followed. The writer further argued that there seemed no reason why an account and compensatory damages might not be available.

both reimbursed and compensated as otherwise he would be paid twice in respect of the same infringement.<sup>62</sup> The latter view is said to be a better rationale for the principle because it does not involve what is, perhaps, a fictional condonation of a wrongful act since the plaintiff has no real intention of condoning the infringement by seeking the remedy.<sup>63</sup>

In England, the conventional approach to the statutory provision on account of profits found in section 96(2) of the UK Copyright, Designs and Patents Act 1988<sup>64</sup> which is in pari materia with section 37(1) of the Copyright Act 1987 is that a plaintiff must elect between the two remedies of damages and an account.<sup>65</sup> This is also the approach taken by the Malaysian courts as seen from the final orders given in cases such as Dunia Muzik WEA Sdn Bhd & Anor v Koh Tay Eng<sup>66</sup> and Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran

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<sup>62</sup> See Cornish WR, Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights 2nd Ed (London, Sweet & Maxwell, 1989) at 46.

<sup>63</sup> Ibid.

<sup>64</sup> Its predecessor being section 17 of the UK Copyright Act 1956.

<sup>65</sup> Caxton Publishing Co Ltd v Sutherland Publishing Co Ltd [1939] AC 178, Potton Ltd v Yorkclose Ltd & Ors [1990] FSR 11. In Australia, section 115(2) of the Australian Copyright Act 1968 provides that the court may order an injunction and "either damages or an account of profits". The Federal Court of Australia in Gentry Homes Pty Ltd v Diamond Homes Pty Ltd & Ors (1993) AIPC 91-008 construed this section as requiring the plaintiff to make an election.

<sup>66</sup> [1989] 2 MLJ 356.



Sdn Bhd<sup>67</sup> where the court in both cases ordered an inquiry as to damages or at the plaintiff's option an account of profits.

Since the position appears to be that an account of profits and damages are alternatives, the question arises as to whether "additional damages" are available where the plaintiff seeks an account of profits in a case of flagrant infringement. If an account of profits and damages are alternatives, it would appear that "additional damages" would not be available to a plaintiff who seeks an account of profits even though the defendant's conduct was a flagrant infringement of the plaintiff's copyright.

However, in the New Zealand case of International Credit Control Ltd & Anor v Axelsen & Anor<sup>68</sup>, the court in construing section 24(3) of the New Zealand Copyright Act 1962 which is equivalent to section 37(2) of our Copyright Act 1987, appeared to take the view that an account of profits could be granted together with additional damages for flagrant infringement. In that case, however, an account of profits was granted but additional damages refused because the court found as a question of fact that the case was not one of flagrant infringement. Although this approach is inconsistent with the view that an

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<sup>67</sup> [1987] 2 MLJ 359. Compare the trade mark infringement case of Tien Chu Ve-Tsin Chemical Industries (HK) Ltd v Maui-Kong Ve-Tsin Manufacturing (M) Co Ltd [1967] 1 MLJ 128 where Raja Azlan Shah J (as he then was) seemed to suggest that the election rests not with the plaintiff but with the discretion of the court based on the evidence adduced.

<sup>68</sup> [1974] 1 NZLR 695.

account of profits and damages are alternatives, it has the advantage of stripping the defendant of whatever gains made by him from the infringement while at the same time punishing him for his contumelious conduct.

Where an agreement exists whereby the defendant could purchase the plaintiff's copyright at a certain scale of fees and the defendant, instead of doing so, proceeded to make use of the copyright work, any monetary relief for infringement will be an account calculated in accordance with the agreement. Thus, in Lau Foo Sun v Government of Malaysia<sup>69</sup>, the appellant who was an engineer had entered into an agreement with the Ministry of Education for the preparation of engineering drawings and designs for the construction of classrooms for schools. As these drawings could be used again for building additional schools with similar designs, the agreement provided that the Ministry would purchase the appellant's copyright at a fee calculated on the total cost of the reinforced concrete works. The Ministry, without the appellant's consent and without paying him the fee as agreed, used some of the drawings whereupon the appellant brought the matter to court. The Federal Court determined that copyright existed in the drawings and that the Ministry had infringed the copyright. The reliefs sought were, inter alia, an account or alternatively damages for infringement. In a unanimous judgment delivered by Ali FJ it was held that the appellant's entitlement to monetary relief laid not in damages but an account in accordance with the agreement. The taking of an account in

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<sup>69</sup> [1974] 1 MLJ 28.



respect of the use of the drawings not bought by the Ministry and payment of the amount found due after taking the account was therefore ordered.

Until recently, the conventional view is that the right to an account is available only where an injunction is granted.<sup>70</sup> The justification for this view is that an account of profits is an adjunct to an injunction and is granted to enable equity to complete the relief.<sup>71</sup> However, in recent years, the English and Australian courts have made exceptions to this rule that an injunction is a prerequisite to an account. In Attorney-General v Guardian Newspapers (No 2),<sup>72</sup> the House of Lords ordered the taking of an account of profits accruing from the publication of the first extract of the intended serialisation by the Sunday Times, but refused to grant an injunction because the confidential information was already in the public domain. In Australia, the High court in Colbeam Palmer's case<sup>73</sup> refused to grant an injunction as the plaintiff had assigned the trade mark prior to the trial and that mark had already expired but nonetheless ordered the taking of an account. The Malaysian cases whereby an account of profits were ordered have always been accompanied by the grant of an injunction largely because there was a need in those cases for the infringing

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<sup>70</sup> Baily v Taylor 8 LJ Ch 49, 39 ER 28; Parrott v Palmer (1834) 3 My & K 632, 40 ER 241.

<sup>71</sup> Ibid.

<sup>72</sup> [1988] 3 All ER 545.

<sup>73</sup> Supra n 56. Although this was a trade mark case, Windeyer J discussed the principles applicable generally in awarding an account of profits.

activities to be put to an immediate stop.<sup>74</sup> It is submitted that our courts are likely to follow the trend in England and Australia of granting exceptions to the general rule where circumstances warrant it, for example, where a defendant undertakes not to infringe or is no longer in a position to infringe or where the copyright concerned has expired.

Since an account of profits operate on the basis that the defendant is stripped of profits made by him knowingly infringing the plaintiff's right, equity requires that knowledge of the infringement be proved by the plaintiff.<sup>75</sup> However, the copyright statute of some jurisdiction reverses this position by providing that a plaintiff is entitled to an account of profits even where the defendant is not aware that the act is an infringement of copyright.<sup>76</sup> The Copyright Act 1987 is silent on this aspect although such a provision was present in section 14(4) of the now repealed Copyright Act 1969. It is therefore open to speculation whether the absence of such a provision in the present Act is to be taken to mean that the requirement of knowledge on the part of the defendant, as is the usual case, is necessary before an account of profits can be ordered. If

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<sup>74</sup> See, for instance, Dunia Muzik WEA Sdn Bhd & Anor v Koh Tay Eng, supra n 66 and Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd, supra n 67.

<sup>75</sup> Hogg v Kirby, supra n 56.

<sup>76</sup> See section 97(1) of the UK Copyright, Designs and Patents Act 1988, section 115(3) of the Australian Copyright Act 1968, section 24(2) of the New Zealand Copyright Act 1962 and section 119(3) of the Singapore Copyright Act 1987.



so, then arguably, the defence of innocent infringement may be available where an account of profits is sought.

Whether a plaintiff should opt for an account of profits or an inquiry into damages depends very much on which of the two remedies yield the greater amount in a particular instant. The question of what comprise "profits" for the purpose of account of profits is thus of prime importance to the plaintiff. The general rule is that a plaintiff is entitled to an account of gross profits made by the defendant diminished by such expenses properly and necessarily incurred as might be established on the part of the defendant.<sup>77</sup> Effectively, profits in the context of an account means net profits.<sup>78</sup> To determine net profits, the defendant, being the accounting party, must make out his account<sup>79</sup> by identifying items such as the sale price of the infringing articles, the number of articles sold, the defendant's expenses of manufacturing the articles, the cost of labour and other costs including transport, wages, customs duty, advertisement and marketing.<sup>80</sup>

In cases where the defendant has used the plaintiff's property to make profits, the issue arises whether all or part of the profits may be recovered.

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<sup>77</sup> Caxton Publishing Co Ltd v Sutherland Publishing Co Ltd, *supra* n 65.

<sup>78</sup> Potton Ltd v Yorkclose Ltd & Ors, *supra* n 65.

<sup>79</sup> Rules of the High Court 1980, Order 43 rule 4.

<sup>80</sup> Patfield F, 'The Modern Remedy of Account' [1987] Adel LR 1 at 17, House of Spring Gardens Ltd v Point Blank Ltd [1983] FSR 329, Redwood Music Ltd v Chappell & Co Ltd [1982] RPC 109.

Where the whole of the article sold infringes the plaintiff's copyright, then all the profits will belong to the plaintiff.<sup>81</sup> Where the infringing article consists of infringing and non-infringing parts so that only part of the article infringes the copyright, the plaintiff is not entitled to the whole of the defendant's profits but only so much of the total net profits which is attributable to the defendant's use of the copyright unless the article could not have been produced or sold at all without the inclusion of the copyright.<sup>82</sup> Apportionment of profits attributable to infringing and non-infringing parts is required and the court's decision will usually be one of a reasonable approximation instead of mathematical exactness.<sup>83</sup>

4.2. Delivery The question whether unrealised profits could fall within the category of "profits" was considered recently in Potton Ltd v Yorkclose Ltd & Ors.<sup>84</sup> In that case, the defendant had infringed the plaintiff's copyright by constructing houses which reproduced the plaintiff's architectural drawings. Although the defendant had realised the profits by the sale of the houses, Millet J remarked (obiter) that even if the houses had not been sold, he would still have held that profits had already been made by the defendant when they constructed the houses because the value of the houses were greater than the expense of

<sup>81</sup> House of Spring Gardens Ltd v Point Blank Ltd, ibid.

<sup>82</sup> Colbeam Palmer Ltd & Anor v Stock Affiliates Pty Ltd, supra n 56.

<sup>83</sup> Ravenscroft v Herbert & Anor, supra n 23.

<sup>84</sup> Supra n 65.



building them. It thus appears that unrealised profits may be taken into account in determining the profits made by the defendant.

Where an account of profits is directed to be taken in an action in which the copyright owner and the exclusive licensee have concurrent rights, the court must apportion the profits between them in such manner as the court considers just subject to any existing agreement between them which determines the applications of those profits.<sup>85</sup> This is so irrespective of whether the copyright owner and the exclusive licensee are both parties to the action or not.<sup>86</sup>

#### 4.2 Delivery Up

In addition to the monetary remedies available in an action for copyright infringement, the court has the inherent jurisdiction to order the delivery up for destruction of all articles made in violation of the copyright owner's proprietary right.<sup>87</sup> Delivery up as a remedy in proceedings for copyright infringement appears to receive the sanction of section 37(1) of the Copyright Act 1987 in that the section contemplates the availability of all such reliefs as are available to a plaintiff in an action in respect of infringement of other proprietary rights. Delivery up of infringing materials is one of the reliefs available in proceedings

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<sup>85</sup> Copyright Act 1987, section 37(6).

<sup>86</sup> Ibid.

<sup>87</sup> Hole v Bradbury (1879) 12 Ch D 886.

for infringement of patents,<sup>88</sup> registered trade mark,<sup>89</sup> passing off,<sup>90</sup> designs<sup>91</sup> and abuse of confidential information<sup>92</sup>. Thus, this remedy should be regarded as being also available under section 37(1). As far back as a century ago, the courts have been granting orders for delivery up of infringing articles in proceedings for copyright infringement and its availability is not now in doubt.<sup>93</sup>

Being an equitable remedy, the making of a delivery up order is within the discretion of the court and is subject to the usual equitable considerations such as laches, acquiescence and lack of clean hands. The order is not intended as a punishment on the infringer but is granted as a means of protecting the plaintiff's fruits of success in the action.<sup>94</sup> The granting of a delivery up order does not preclude the court from awarding monetary remedies

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<sup>88</sup> United Telephone Co v Walker & Oliver (1887) 4 RPC 63.

<sup>89</sup> Slazenger v Feltham (No 2) (1889) 6 RPC 531, Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors [1988] 1 MLJ 188.

<sup>90</sup> Warwick Tyre Company Ltd v New Motor & General Rubber Company Ltd (1910) 27 RPC 161, Lee Kar Choo v Lee Lian Choon [1967] 1 MLJ 129.

<sup>91</sup> Knowles v John Bennet (1895) 12 RPC 137, Redland Tiles Ltd & Ors v Kua Hong Brick Tile Works [1966] 2 MLJ 62.

<sup>92</sup> Industrial Furnaces Ltd v Reaves (1970) 87 RPC 605.

<sup>93</sup> Hole v Bradbury, *supra* n 87.

<sup>94</sup> Mergenthaler Linotype Company v Intertype Ltd (1926) 43 RPC 381. Although this was a patent infringement case, the court discussed the general principles relating to a delivery up order.



such as damages or account of profits.<sup>95</sup> A delivery up order is granted as ancillary to an injunction and is made to render the injunction more effective. Although the injunction in itself restrains an infringer from further infringement, the presence of infringing articles in his possession may be a source of grave temptation to him to commit a breach of the injunction which he would not otherwise commit.<sup>96</sup> In addition, a delivery up order puts an end to the free circulation of the infringing articles thereby preventing the public from being further deceived.<sup>97</sup>

Since an order for delivery up is granted under the inherent jurisdiction of the court, the copyright owner does not acquire any right to keep the articles as his own.<sup>98</sup> Thus delivery up orders are almost invariably accompanied by orders for destruction of the infringing articles. In this regard, the delivery up orders given by the court in Longman Malaysia's case<sup>99</sup> and Dunia Muzik's case<sup>1</sup> appear to be unusual. In both cases, there was no

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<sup>95</sup> Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd, supra n 67.

<sup>96</sup> Mergenthaler Linotype Company v Intertype Ltd, supra n 94.

<sup>97</sup> Meagher, Gummow, Lehane (1992), supra n 54 at para 2701. The authors take the view that this forms the justification for a delivery up order.

<sup>98</sup> In contrast, the Australian Copyright Act 1968 and the now repealed UK Copyright Act 1956 contain conversion damages provisions which confer statutory powers on the courts to order delivery up and in such event, the copyright owner is deemed the owner of all the infringing copies so that he is under no obligation whatsoever to destroy the articles.

<sup>99</sup> Supra n 67.

<sup>1</sup> Supra n 66.

accompanying order for destruction of the infringing articles thereby raising the question of whether the plaintiffs were under a corresponding obligation to destroy.

As an alternative to the plaintiff destroying the infringing articles, the defendant may himself undertake on oath to destroy the articles but the court is not bound to rely on the oath especially where the infringer is found not to be reliable.<sup>2</sup> The court's power to order delivery up is not confined to infringing copies only but may include plates in the infringer's possession, power, custody or control.<sup>3</sup> It would seem that the word "plate" is akin in its meaning to "contrivance"<sup>4</sup> which is the term used in the Copyright Act 1987. The copyright statutes of other jurisdictions such as England,<sup>5</sup> Australia,<sup>6</sup> New Zealand<sup>7</sup> and

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<sup>2</sup> Industrial Furnaces Ltd v Reaves, *supra* n 92.

<sup>3</sup> Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd, *supra* n 67.

<sup>4</sup> As to the meaning of 'contrivance', see, Chapter 2 at 2.1.2. See, for example, section 54(2) of the Copyright Act 1987 which empowers the court, in the exercise of its criminal jurisdiction, to order delivery up of, inter alia, contrivance seized from the infringer.

<sup>5</sup> See section 18(2) of the UK Copyright Act 1956. Although under the UK Copyright, Designs and Patents Act 1988, the copyright owner is no longer deemed to own infringing copies of his work, the right to delivery up is still available under section 99 of the UK Copyright, Designs and Patents Act 1988. The delivery up order includes both infringing copies and articles designed or adapted for making copies of a particular copyright work. "Plate" is now omitted from the section.

<sup>6</sup> Australian Copyright Act 1968, section 10.

<sup>7</sup> New Zealand Copyright Act 1962, section 2.



Singapore<sup>8</sup> consistently define a "plate" to include "a stereotype, stone, block, mould, matrix, transfer, negative or other similar appliance".

Even if the infringement involves only certain parts of the copyright work, the court has a discretion to order delivery up of the whole infringing article particularly where a substantial part of the copyright work was copied.<sup>9</sup> Substantiality in this context refers not only to the physical amount of the reproduction but also the qualitative significance of the parts reproduced. Thus, in Longman Malaysia's case,<sup>10</sup> the plaintiffs sued the defendants for infringement of copyright in a textbook alleging that the defendants had reproduced the general arrangement, language, features and errors of the plaintiffs' textbook. The defendants' counsel contended that only a few illustrations or diagrams from the plaintiffs' book were reproduced and as such the reproduction cannot amount to a substantial part of the plaintiffs' book. Gunn Chit Tuan J (as he then was) found as a matter of fact and degree that although the actual physical amount of the reproduction was not substantial, the significance of what was reproduced was substantial so much so that delivery up of the whole infringing articles and plates was ordered. But if the infringing part is severable from the non-infringing part, the court may order delivery up of the

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<sup>8</sup> Singapore Copyright Act 1987, section 7.

<sup>9</sup> Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd, supra n 67.

<sup>10</sup> Ibid.

infringing part only.<sup>11</sup> The justification for this is based on the rationale that the court ought not to go beyond what is necessary for the protection of the copyright owner.<sup>12</sup> Since property in the infringing articles remains in the infringer despite the infringement, he should only be prevented from using such parts of the articles as are used in derogation of the copyright owner's rights, hence delivery up of only the severable infringing parts.

Although an order for delivery up in civil proceedings is granted only in the exercise of the court's inherent jurisdiction, the Copyright Act 1987 does provide for the statutory power to order delivery up but only in the exercise of the court's criminal jurisdiction pursuant to section 54. Under this section the court trying any accused person may order that the infringing copies be delivered to the copyright owner, irrespective of whether a conviction has been secured or not. Whether any useful purpose is served by ordering delivery up of infringing copies to copyright owners is questionable in view of the fact that infringing copies are invariably inferior in quality to the original ones. On the contrary, copyright owners may be saddled with the task of having to dispose off these copies.

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<sup>11</sup> Warne & Co v Seebohm (1888) 39 Ch D 73.

<sup>12</sup> Mergenthaler Linotype Company v Intertype Ltd, supra n 94.



### 4.3 Final Injunctions

A final injunction is granted at the trial of the action based on the merits of the case and is directed towards the final settlement and enforcement of the rights of the parties that are in dispute.<sup>13</sup> Its purpose is to prevent any further repetition of the infringing action. At the same time, it has a declaratory effect in that it indirectly confirms the plaintiff as owner of the copyright in the subject matter of the action and declares that the defendant's actions constitute infringement of the copyright. The general principle upon which final injunctions are granted is whether damages as a remedy or any other legal remedy is adequate.<sup>14</sup> A final injunction is final only in the sense that it conclusively settles the issues between the parties but is not final in that it does not outlast the duration of the plaintiff's copyright.<sup>15</sup> As with other equitable remedies, the grant of a final injunction is at the discretion of the court. However, final injunctions are almost invariably given since damages alone are usually not sufficient unless there is no real likelihood of future repetition of the infringement. Even if damages are sufficient, the courts may still exercise their discretion in favour of granting an injunction because to do otherwise would be equivalent to compelling the copyright owner to license his right in return for financial compensation.<sup>16</sup>

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<sup>13</sup> Spry ICF, The Principles of Equitable Remedies (Sydney, The Law Book Company Ltd, 1990) at 373.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> See Cornish WR, Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights, supra n 62 at 41.

Final injunctions are usually directed to restraining further commission of the infringing acts by the defendant, his servants or agents.<sup>17</sup> Thus, the defendant's servants or agents are also bound to obey the injunction although they are not parties to the action, probably, to give them warning that the acts constitute an infringement.<sup>18</sup> Any refusal to obey the injunction by the servants or agents amounts to obstructing the course of justice by aiding and abetting in breach of an injunction of the court and is therefore punishable as contempt of court.<sup>19</sup> Where individuals are involved, contempt of court is punishable by a committal or a fine. Where corporations are involved, contempt is punishable by sequestration of the corporation's assets.

Where the infringing part can be severed from the non-infringing part of the work, an injunction will be granted only against the infringing part.<sup>20</sup> But if the infringing part cannot be severed from the rest of the work without destroying the use and value of the entire work, an injunction will be granted

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<sup>17</sup> Syed Alwi v Dewan Bahasa dan Pustaka [1980] 1 MLJ 129, Dunia Muzik WEA Sdn Bhd & Anor v Koh Tay Eng, *supra* n 66, Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd, *supra* n 67.

<sup>18</sup> Copinger and Skone James (1991) at para 11-63.

<sup>19</sup> Ibid.

<sup>20</sup> Lamb v Evans [1892] 3 Ch 462.



against the whole work.<sup>21</sup> This is so even if the infringing part is an insubstantial part of the work.<sup>22</sup>

After the House of Lords decision in Attorney General v Guardian Newspapers Ltd (No 2),<sup>23</sup> it is now settled law that an injunction should not be granted to prevent wrongdoing in general but should be directed to prevent some specific wrong. In that case, the Attorney-General sought, inter alia, a general injunction restraining future publication of confidential information derived from members or ex-members of the security service. All the judges<sup>24</sup> hearing the case were unanimous in refusing the injunction because such an injunctive order would be too uncertain since it attempts to answer issues of fact or law that have not yet arisen. Moreover, the injunction would not allow for the possibility that defences might be available in a future case. Although an injunction to specifically restrain publication of the book "Spycatcher" was also refused on the ground that the confidential information had fallen into public domain, Scott J at the High Court remarked (obiter) that had the action been based on copyright, an injunction might have been granted. According to his Lordship, the equitable

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<sup>21</sup> Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd, *supra* n 67.

<sup>22</sup> Attorney-General v Guardian Newspapers (No 2) *supra* n 72. Although the case was argued mainly on confidential information perspective, some obiter comments relating to copyright were made by the judges in the High Court, Court of Appeal and the House of Lords.

<sup>23</sup> Ibid.

<sup>24</sup> The judges at the House of Lords were Lord Keith of Kinkel, Lord Brightman, Lord Griffiths, Lord Goff of Chieveley and Lord Jauncey of Tullichettle.

owner of the copyright was the Crown and Mr Peter Wright, the author of "Spycatcher", owed a duty of secrecy to the Crown which he had breached. The Crown being the owner of the copyright could have sought an injunction to restrain further serialisation of the "Spycatcher". Similar views were expressed by Dillon LJ at the Court of Appeal<sup>25</sup> and Lord Keith,<sup>26</sup> Lord Griffiths<sup>27</sup> and Lord Goff<sup>28</sup> in the House of Lords.

### 5.1 Quia timet

Although a final injunction is usually prohibitory in nature in that it orders a person to refrain from doing certain infringing acts, the courts can grant a quia timet injunction where the defendant has not yet infringed the plaintiff's copyright but it is feared that he will do so in the future. The plaintiff must therefore establish that such future breach is likely. At times, it may be possible for the plaintiff to show that past infringements in respect of certain items of the plaintiff's copyright are likely to give rise to the inference that the defendant intends to violate other parts of the copyright in the future.

Since an injunction merely restrains future infringements, it does not remedy infringements which precede its grant. Hence the injunction is almost always issued along with other monetary remedies in copyright infringement cases.

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<sup>25</sup> Ibid at 621.

<sup>26</sup> Ibid at 645.

<sup>27</sup> Ibid at 654.

<sup>28</sup> Ibid at 664.



proceedings is regretted because it is out of proportion to the nature of copyright as a civil right.

## CHAPTER 5

### RECOMMENDATIONS

#### 5.1 Conclusions

The following conclusions may be drawn from the discussion in the preceding chapters. First, for the effective protection of copyright owners, civil and criminal remedies for the enforcement of copyright should feature in every copyright legislation. With the rampant infringing activities brought about by advancement in reproduction technology, it is clear that civil remedies alone will not suffice as a solution to the problem of enforcement. Recourse to the deterrent features of penal sanctions is necessary.

Secondly, Parliament places great emphasis on enforcement by way of criminal proceedings as is evident from the fact that criminal provisions feature prominently in the Copyright Act 1987.<sup>1</sup> The severe penal sanctions and, in particular, the establishment of an enforcement unit vested with wide powers of search and seizure bear testimony to this. It is submitted that the prominence given by the legislature to enforcement by way of criminal

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<sup>1</sup> See Chapter 2.

proceedings is regretted because it is out of proportion to the nature of copyright as a civil right.

Thirdly, the civil remedies available to copyright owners both under the Copyright Act 1987 and the inherent jurisdiction of the court provide a suitable and satisfactory framework for redress of copyright owners in the event of infringement. This is reflected in the availability of a wide range of civil remedies which the court may grant to copyright owners.<sup>2</sup> Thus, the restraining of future infringement is made possible through an injunction, the compensation of a copyright owner's losses as a consequence of the infringement through an award of damages, the punishment or condemnation of the infringer's conduct through an award of exemplary damages and the restitution of benefits acquired by the infringer at the expense of the copyright owner through an account of profits. These remedies are enhanced by an order for delivery up and destruction of infringing copies and reproduction equipment. In view of the adequacy of the civil remedial framework, more use should be made of it in the battle against copyright infringement.

Fourthly, being a civil right, copyright should be enforced primarily by way of civil remedies. As noted above, the current civil remedial scheme is sufficient in scope to redress copyright owners and therefore the main responsibility of enforcement should be borne by the copyright owners themselves as far as possible. Criminal remedies should not displace civil

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<sup>2</sup> See Chapters 2 and 3.



remedies as the main mode of enforcement as there is no evidence to indicate that the former are more likely than the latter to resolve the problem of copyright infringement. Instead, criminal remedies should play the role of reinforcing and complementing the available civil remedies. Indeed, the intervention of criminal remedies in what is actually a civil right is fraught with danger and great care has to be exercised to ensure that these criminal remedies do not become unnecessarily oppressive.

Based on the premise that the current civil remedial scheme should be the primary means of enforcement of copyright, the writer proposes to identify the weaknesses of this scheme and to suggest ways of improving it with a view to providing better redress to copyright owners in the event of infringement. The following are the weaknesses of the civil remedial scheme which are evident from this study. First, the Anton Piller order, though particularly suited to copyright infringement cases, is vulnerable to abuses by plaintiffs.<sup>3</sup> In recent years, the courts in England and some other countries in the Commonwealth have paid closer attention than before to the rights of the defendant and given greater emphasis to the proper execution of the Anton Piller order but the same degree of scrutiny cannot be claimed to prevail among our judges.<sup>4</sup> As Anton Piller applications are regularly made here,<sup>5</sup> there is clearly

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<sup>3</sup> See Chapter 3 at 3.2.2.

<sup>4</sup> See, for instance, the case of Penerbit Fajar Bakti Sdn Bhd v Cahaya Surya Buku dan Alat Tulis [1989] 1 MLJ 386 discussed in Chapter 3 at 3.2.1.

<sup>5</sup> Based on the observation of Mohd Akram, SM in 'A Critical Appraisal of the Anton Piller Order' [1987] 1 CLJ 517.

a need to seriously consider ways of curbing these abuses. In addition, the likelihood of the availability of the privilege against self-incrimination to a defendant served with an Anton Piller order poses a serious threat to the order.<sup>6</sup>

Secondly, the exact scope of section 37(2) of the Copyright Act 1987 is uncertain because the use of the words "additional damages" does not indicate whether the section contemplates aggravated or exemplary damages or a hybrid of both.<sup>7</sup>

Thirdly, section 37(1) leaves open the question as to whether damages and an account of profits are alternatives to each other or whether both remedies can be granted concurrently in the same action.<sup>8</sup> In this respect, there is a need for certainty because the quantum of monetary award ultimately granted to the copyright owner is conceivably very dependent on whether these two remedies are granted conjunctively or otherwise.

Fourthly, as the importance of the remedy of delivery up in copyright infringement is no less than that of damages, injunction and account of profits, it is puzzling that this remedy is not expressly spelt out in section 37(1) whereas section 54 makes specific mention of its availability in criminal

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<sup>6</sup> See Chapter 3 at 3.2.3.

<sup>7</sup> See Chapter 4 at 4.1.2.

<sup>8</sup> See Chapter 4 at 4.1.3.



proceedings.<sup>9</sup> Although this omission is strictly not a weakness in the civil remedial scheme because the courts have thus far demonstrated a general willingness to grant the remedy, its inclusion in section 37(1) will provide a greater degree of certainty as to its availability.

Fifthly, at the moment, there is uncertainty as to what evidential principles, if any, govern affidavit evidence given pursuant to section 42 of the Copyright Act 1987 because section 2 of the Evidence Act 1950 excludes the application of the Evidence Act 1950 to affidavit evidence.<sup>10</sup> While section 42 has the advantage of enabling copyright owners to give evidence of the subsistence and ownership of their copyright without having to be present in court, the section favours the plaintiff at the expense of the defendant because it allows evidence to be admitted outright without testing its accuracy or reliability. This is a weakness not only of the civil remedial scheme but also of the criminal remedial scheme since section 42 applies to both criminal and civil proceedings.

## 5.2 Recommendations

Having regard to the conclusions stated above, the following recommendations are made with the aim of improving the protection currently available to copyright owners. At the same time, it has to be borne in mind that infringers have fundamental rights accorded by the law which should be respected. In the

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<sup>9</sup> See Chapter 2 at 2.2.6.

<sup>10</sup> See Chapter 2 at 2.1.2.

pursuit of an effective scheme of remedies capable of thwarting infringers, the court should not go beyond what is necessary to protect copyright owners.

The recommendations hereinafter made are presented in two main parts. The first pertains to recommendations on the civil remedial framework. The second relates to ways in which the existing criminal remedial framework can be used to supplement the civil remedial framework.

### 5.2.1 Civil Remedies

#### (a) Anton Piller Orders

The recommendations hereinafter made are dealt with under four separate aspects, viz. the grant of the order, its execution, its discharge and the privilege against self-incrimination. A number of these recommendations are based on current developments in countries such as England and Singapore which, in the writer's opinion, are applicable to this country.

#### (i) The grant of the Order

As a measure to curb the abuses of the order, it is suggested that the courts should be more cautious and should rigorously scrutinise each application before granting or refusing the order. This is so especially since the order is at the extremity of the court's powers and was originally intended only to be made in exceptional and emergency cases.



Often, the requirement of full and frank disclosure leads to very considerable amounts of material being presented in support of an application for the order. In urgent cases, which most interlocutory applications in copyright infringement proceedings are, one cannot expect the judge to pore over all the material facts given to determine whether an Anton Piller order ought to be given. To overcome this, it is suggested that the affidavit supporting the Anton Piller application should set out matters in such a sequence as to reflect the order in which the three pre-conditions laid down by Ormrod LJ in Anton Piller KG v Manufacturing Process Ltd & Ors<sup>11</sup> are to be considered.<sup>12</sup> This will assist the court by drawing its attention to pertinent matters in the affidavit thereby enabling it to readily determine whether the separate pre-conditions are satisfied. Much time is thus saved in the process. A possible way of implementing this course of action is by introducing a provision in the Rules of the High Court 1980 to specify the structure in which such affidavits should assume. Alternatively, a Practice Direction to that effect could be issued.

In addition, the court should ensure that the order is not couched in too legalistic terms which are beyond the comprehension of lay people. This is especially so when one is reminded that many infringers in this country are not businessmen well versed in the letter of the law. The order should clearly specify, inter alia, the purposes for which entry is sought, the types of evidence

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<sup>11</sup> [1976] Ch 55.

<sup>12</sup> This recommendation is based on the suggestion of Dockray M & Laddie H in 'Piller Problems' (1990) 106 LQR 601.

or documents to be taken, the steps which the defendant may take before complying with the order and the premises in which the search is to be carried out. As it is not infrequent for infringing goods to be stored in vehicles while awaiting to be transported to the various outlets for commercial distribution, it is suggested that the order should also be drafted so as to encompass vehicles as well.

Where the order allows interrogatories to be made, it is suggested that the list of questions to be asked of the defendant should be made known to the court at the time of making the application so as to ensure relevancy of these questions. Where such questions merely require the defendants to disclose to the plaintiffs the names and addresses of both suppliers and customers of the infringing goods, there appears to be no reason for insisting on an immediate answer. The defendant should be given the liberty of answering in writing within a certain time.

Since the Anton Piller order is a very potent weapon in the battle against infringement, it is proposed that the order should have a more definite basis in law and be statutorily incorporated in copyright legislation.<sup>13</sup> At the same time, it has to be borne in mind that the order is an equitable one and any statutory provision must not fetter the court's discretion to grant or refuse the

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<sup>13</sup> This proposal was initially put forth by Dockray M and Laddie H in 'Piller Problems' *ibid*. It was subsequently incorporated in the recently published report 'Anton Piller Orders - A Consultation Paper' (the Lord Chancellor's Department, November 1992) drawn up by a committee of English judges. As to this committee, see Chapter 3 at 3.2.



order. Statutory guidelines on the granting of the order will help ensure that such orders are not made unless the requirements are met. It is often the case that statutory requirements are less easily overlooked in an emergency application than statements in the law reports. An incidental consequence of legislative intervention is the opportunity for Parliament to critically review the Anton Piller order and examine its strengths and expose its dangers. Appropriate measures to minimise these dangers can thus be taken into account when drafting the statutory guidelines.

## (ii) Execution of the Order

The various safeguards and guidelines laid down by the English courts in Columbia Picture Industries Inc v Robinson<sup>14</sup> and Universal Thermosensors Ltd v Hibben<sup>15</sup> were directed towards ensuring the proper and efficient execution of Anton Piller orders.<sup>16</sup> Although these cases are merely persuasive authorities in this country, it is submitted that our courts should give weighty consideration to them because the abuses of this order are not exceptional to Anton Piller cases in England but are also prevalent in countries adopting the Anton Piller jurisdiction. The court should consider the extent to which these safeguards and

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<sup>14</sup> [1987] Ch 38.

<sup>15</sup> [1992] 1 WLR 840. See, too, Computerland Corp v Yew Seng Computers Pte Ltd [1991] 3 MLJ 201 and Peters Edition Ltd v Renner Piano Co [1990] 1 MLJ 337 where the Singapore courts commented on the need to exercise extreme care in granting the Anton Piller order.

<sup>16</sup> See Chapter 3 at 3.2.2 for the safeguards laid down in these cases.

guidelines are legally binding and the consequences to the evidence obtained in the event of non-compliance.

It cannot be denied that the adherence to some of the safeguards laid down in the cases will lead to an increase in costs which may ultimately be shifted from the plaintiff to the defendant if judgment is entered against the latter. In particular, the engaging of an experienced solicitor other than a member of the firm of solicitors which applied for the order to conduct the execution will undoubtedly be costly. This is an unavoidable consequence if an unbiased search and accountability to the law are to be assured.

Anton Piller orders usually allow the defendant's servants or agents to permit entry.<sup>17</sup> This is an injustice to the defendant because, in reality, no employee or agent has the ostensible or apparent authority to allow a stranger to enter, rummage through and remove property belonging to his employer. To predicate that such an authority exists is to deprive the defendant of his right to take legal advice before consenting to execution.

At times, the executing party may have entered the premises during the hours specified in the order but because of the huge amount of materials that have to be searched in the premises, it is not possible to complete the execution within the hours specified in the order. Therefore, it is suggested

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<sup>17</sup> See, for instance, the Anton Piller order sought in PMK Rajah v Worldwide Commodities Sdn Bhd & Ors [1985] 1 MLJ 86.



that all Anton Piller orders be phrased such as to allow the executing party to search beyond office hours if the circumstances so require provided that entry to the premises is made within the times specified in the order.

(iii) Discharge of the Order

The main difficulty insofar as discharge of the Anton Piller order is concerned lies in reconciling, on the one hand, the duty of a defendant to comply immediately with an Anton Piller order and, on the other hand, the right to challenge the order and be heard by the court. Usually, the threat of contempt proceedings compels a defendant to comply with the order, even though the order was not properly made in the first place and would have been discharged on application.<sup>18</sup> Since the consequences of non-compliance are severe, it is proposed that the court should impose on the executing solicitor the strict obligation to explain carefully to the defendant the likelihood of contempt proceedings being brought and the consequences to the defendant's case of non-compliance of the order.

(iv) Privilege Against Self-Incrimination

Currently, the entitlement of a defendant served with an Anton Piller order to rely on the privilege against self-incrimination where discovery of documents or interrogatories is sought is uncertain because of the conflicting decisions of Chan

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<sup>18</sup> Wardle Fabrics Ltd v G Myristis Ltd [1984] FSR 263.

J in Television Broadcasts Ltd v Mandarin Holdings Video Sdn Bhd<sup>19</sup> and Zakaria Yatim J in PMK Rajah v Worldwide Commodities Sdn Bhd.<sup>20</sup> Zakaria Yatim J's view that the privilege is available to such a defendant poses a serious obstacle to Anton Piller orders because it paves the way for the principle in Rank Film Distributors Ltd v Video Information Centre<sup>21</sup> to apply in this country leading to a situation whereby plaintiffs will not be able to obtain information leading to other sources of illegal copying. The divergence in views of both these judges stems from a difference in interpretation of the word "witness" in section 132 of the Evidence Act 1950. To amend section 132 to clarify that the word "witness" encompasses all persons giving evidence regardless of whether the evidence was given in a court of law or otherwise may not solve the problem because of section 2 which excludes the application of the Evidence Act 1950 to affidavit evidence. Since answers to interrogatories pursuant to Anton Piller orders are tendered as affidavit evidence in court proceedings, section 2 would come into operation.

The better solution is for Parliament to intervene by legislating along the lines of section 72 of the UK Supreme Court Act 1981 which overcame the threat to Anton Piller orders posed by Rank Film.<sup>22</sup> Section 72 abolished

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<sup>19</sup> [1983] 2 MLJ 346. See Chapter 3 at 3.2.3.

<sup>20</sup> Supra n 17.

<sup>21</sup> [1982] AC 380.

<sup>22</sup> Ibid. As to section 72 of the UK Supreme Court Act 1981, see Chapter 3 at 3.2.3.



the privilege against self-incrimination in all proceedings pertaining to intellectual property thereby restoring the potency of the Anton Piller order.

Instead of legislative intervention, the court could adopt the approach of the New Zealand Court of Appeal in Bushby v Thorn EMI Video Programmes Ltd<sup>23</sup> whereby the court required the plaintiff to give an undertaking that he would not either directly or indirectly use any document, information or answers obtained from the defendant in an Anton Piller order for the purposes of any criminal prosecution of the defendant nor make the same available to the police. This procedure enables discovery and interrogatories to be made while at the same time preserves the privilege.

This approach has not been tested here but it should be noted that some jurisdictions regard it as unacceptable. Thus, the Singapore Court of Appeal in Lee Thin Tuan v Louis Vuitton<sup>24</sup> rejected this approach because it was of the view that the question of prosecution lies solely with the Public Prosecutor who cannot be constrained by such an undertaking. Moreover, the civil courts have no power to order that certain information ought not to be admitted in evidence in a criminal prosecution.

It is submitted that the latter view is preferable because the privilege against self-incrimination is an established rule and thus the legislature,

<sup>23</sup> [1984] 1 NZLR 461.

<sup>24</sup> [1992] 2 SLR 273. See, also, Chapter 4 at 4.1.2.

and not the court, should decide whether a defendant should be compellable to answer questions when the answers tend to incriminate him. Furthermore, such an undertaking would unnecessarily hamper the proper administration of criminal justice.

(b) Aggravated and Exemplary Damages

As discussed earlier, Gunn Chit Tuan J (as he then was) in Mokhtar Haji Jamaludin v Pustaka Sistem Pelajaran<sup>25</sup> held that since damages for copyright infringement are at large, aggravated damages to compensate the copyright owner for injury to his feelings and pride may be granted under the general power to award damages provided by the predecessor to section 37(1). In view of this decision, it is submitted that section 37(2) should be interpreted as permitting exemplary damages in copyright infringement. Such an interpretation enables the court to do justice in cases where an award of compensatory damages under section 37(1) is inadequate to punish, deter or condemn a defendant for his outrageous conduct. The availability of exemplary damages, therefore, strengthens the court's powers to award punitive damages since compensatory damages generally do not have the desired punitive effect. With the availability of exemplary damages in the civil remedial scheme for copyright infringement, copyright owners are better assured of a more complete protection. This is particularly so where the infringer's conduct is so grave as to warrant a substantial award of exemplary damages.

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<sup>25</sup> [1986] 2 MLJ 376. See, also, Chapter 4 at 4.1.2.



It is further suggested that the phrase "would not otherwise be available to the plaintiff" be deleted from section 37(2) for two reasons. First, if an effective deterrent is to be available for copyright infringement, the discretion of the court to award exemplary damages should not be fettered by whether the copyright owner is effectively relieved or otherwise but should be based on the gravity of the defendant's conduct.<sup>26</sup> Secondly, the words "effective relief" have been interpreted by Ungood-Thomas J in Beloff v Pressdram<sup>27</sup> as excluding exemplary damages. If, as submitted above, section 37(2) encompasses exemplary damages, the deletion of the words "effective relief" will serve to reinforce the scope of section 37(2) as a provision on exemplary damages.

It is also suggested that section 37(2)(b) be deleted because the benefits accrued to the defendant by reason of the infringement is not a factor to be taken into account in assessing exemplary damages. Further, it relates to the remedy of an account of profits and its existence in a provision on exemplary damages merely confuses the scope of section 37(2).

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<sup>26</sup> See, also, the comments of Great Britain, Reform of the Law relating to Copyright, Designs and Performers' Protection - A Consultative Document (London, HMSO, 1981) Cmnd 8302 at 48.

<sup>27</sup> [1973] RPC 765. See, also, the discussion of Beloff v Pressdram in Chapter 4 at 4.1.2.

(c) Account of Profits

On a literal interpretation of section 37(1), it is theoretically possible for copyright owners to claim both damages and an account of profits concurrently. Whether these two remedies should be alternatives is a difficult question. On the one hand, the granting of one of these remedies to the exclusion of the other avoids the problem of undeserved windfall to the copyright owner. This is especially so where the infringer's profits were made in circumstances in which the copyright owner could not have made the profits but for the skills and services of the infringer. On the other hand, the infringer's profits were made at the expense of the copyright owner in the sense that it would not have been made but for the infringement of the copyright. The infringer ought, therefore, to be deprived of any profits which he obtained as a result of his infringement. To do otherwise would be to permit the infringer to benefit from his wrongdoing.

The approach of other countries in the Commonwealth is that damages and an account of profits are mutually exclusive. For example, the copyright statutes of Singapore<sup>28</sup> and Australia<sup>29</sup> explicitly state that these two remedies are alternatives. Although the UK Copyright, Designs and Patents Act 1988 and its predecessor do not contain explicit provision to this effect, the view

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<sup>28</sup> See the Singapore Copyright Act 1987 (Cap 63, 1988 Ed), section 119.

<sup>29</sup> See the Australian Copyright Act 1968, section 115(2).



of English judges has always been that these two remedies are alternatives where copyright infringement cases are concerned.<sup>30</sup>

Since this is the prevailing trend, it is suggested that we do not diverge from the position adopted in other common law systems. Thus it is proposed that a provision be introduced along the lines of section 119(2) of the Singapore Copyright Act 1987 (Cap 63, 1988 Ed) (hereinafter referred to as 'the Singapore Copyright Act 1987') so as to clarify the law. The liberty to elect should be left to the copyright owner and not the court.

(d) Delivery Up

It is suggested that the court should be given a statutory power to make orders not only for the delivery up of infringing copies but also for the delivery up of any reproduction equipment. At the same time, provisions should also be made for the forfeiture, destruction or disposal of these items. To spell out in statutory form the availability of this remedy serves to reflect its importance in copyright law.

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Caxton Publishing Co Ltd v Sutherland Publishing Co Ltd [1939] AC 178, Potton Ltd v Yorkclose Ltd & Ors [1990] FSR 11.

(e) Admissibility of Affidavit Evidence

The need to relieve copyright owners who are not within the country from having to attend court to give evidence of the subsistence and ownership of their copyright must be balanced against the need to ensure that controverted questions of facts are properly admitted in evidence. Currently, the former is adequately met by section 42(1) of the Copyright Act 1987 but not the latter. It is therefore proposed that a provision be introduced along the lines of section 134A of the Australian Copyright Act 1968. An identical provision is also found in section 137(2) of the Singapore Copyright Act 1987. This provision allows a defendant or accused who wishes in good faith to cross-examine the deponent of the affidavit to do so. In such a case, the affidavit will not be admitted in evidence unless the deponent appears as a witness for cross-examination.

The Australian and Singapore copyright statutes also give the court a broad discretion to permit the affidavit to be used without the deponent appearing even though the defendant or accused in good faith wishes to challenge the contents of the affidavit. It is not, however, proposed that this limb be included because a defendant or accused who establishes to the satisfaction of the court that his request for cross-examination was made in good faith must be accorded his right to cross-examination and not be deprived of it.



### 5.2.2 Criminal Remedies

Although the power of search and seizure vested in enforcement officers under Part VII of the Copyright Act 1987 may be likened in its effect to the grant and execution of an Anton Piller order under civil proceedings, the writer concedes that the deterrent effects of raids by enforcement officers and the subsequent criminal prosecutions often exceed that created by the execution of Anton Piller orders. For this reason, it is suggested that the search and seizure powers be exercised primarily against the manufacturers and suppliers from whom the infringing copies emanated. The stamping out of the source of the infringing copies is the most vital strategy in the attack against infringers because it ensures an end to their production. With regard to the dealers and retailers who are involved in the process leading to the circulation of the infringing copies in the market, the existing civil remedies offer sufficient protection to the copyright owners and they should be required to pursue these remedies on their own accord.

Since the enforcement unit is also entrusted with the responsibility of enforcing the Trade Descriptions Act 1972, the Price Control Act 1946 (revised 1973), the Control of Supplies Act 1961 (revised 1973), the Hire Purchase Act 1967 (revised 1973) and the Weights and Measures Act 1972, it is not surprising that the limited resources and manpower of the enforcement unit are currently overtaxed. Bearing in mind that prompt prosecution of infringers, particularly the manufacturers and suppliers, is essential, it is submitted that the

task of prosecution be shouldered, so far as is reasonably appropriate, by the copyright owners or their own trade organisations. It is submitted that this procedure is possible pursuant to section 377 of the Criminal Procedure Code which allows an advocate to be the prosecuting officer in a seizable offence provided that express authority to do so is obtained from the Public Prosecutor.<sup>31</sup> It is envisaged that a greater use of this procedure of private prosecution by copyright owners will expedite prosecution and serve as a warning to potential infringers on the abhorrence of the law towards infringing activities.<sup>32</sup> Clearly, co-operation between the enforcement unit and the advocate concerned is required because the results of the raid on the infringer's premises and further investigations are vital to the advocate who is prosecuting the case. These results are needed in the prosecution and should therefore be made available.

It is also suggested that after a criminal trial the enforcement unit should forward particulars of the infringers to the Inland Revenue Department to

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<sup>31</sup> See Chapter 2 at 2.1.1, particularly, the case of Public Prosecutor v KM Basheer Ahmad [1982] 2 MLJ 78.

<sup>32</sup> It is to be noted that such a procedure is rarely used in this country. Indeed, it may be argued that section 377 of the Criminal Procedure Code was intended by Parliament to be read together with section 379. If so, the scope of section 377 relating to the use of advocates in criminal prosecutions may be a restrictive one, that is, confined to the situation when the advocate is employed to do so by the Government. It is submitted that there is no obvious reason to adopt such a restrictive interpretation of section 377.



look into the tax issues. This serves as an added deterrence to infringers because not only will their infringing activities be exposed but their other activities, whether legal or illegal, will also be subject to the scrutiny of the tax department.

supplemented in appropriate cases by criminal remedies are adequate to meet the

present needs Where it is clear to the enforcement officers that the infringing activities are at their infancy stage, it is suggested that the enforcement unit be empowered to give a cautionary letter to infringers as the mildest remedial measure.

In conclusion, it should be borne in mind that reproduction technology will continue its onward march and one may hazard a guess that copyright infringement will assume a new character in the future. Be this as it may, the legislature should never place too much emphasis on criminal enforcement as to do so would be to rock the foundation of copyright as a civil right. In addition, the intervention of the criminal law in what is actually a civil right can result in the enforcement mechanism becoming unnecessarily oppressive.

New challenges posed to copyright owners in this country in the coming years may require a reconsideration of the types of civil remedies which are appropriate to accommodate the new needs of copyright owners. The adaptability of the courts in meeting the challenges posed by technological advancement as demonstrated by the advent two decades ago of, particularly, the

Anton Piller order, holds promise of its continued adaptability to meet the future needs of copyright owners. As the state of technology stands in this country today, the use of civil remedies as the primary means of enforcement supplemented in appropriate cases by criminal remedies are adequate to meet the present needs of copyright owners. Needless to add, the vigilance and concerted efforts of copyright owners in bringing infringers to court are also needed.

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